The China Weekly

REVIEW

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Sibilants in the Chinese Speech . . . By E. L. Pan

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WASHINGTON OFFICE
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Colorado Building, Washington, D. C.

THE BURDENS THAT "SPORT" MUST CARRY

RECENT events have apparently proved that if Shanghai "sporting" institutions hope to survive they must make arrangements with this or that Chinese official. Evidently many Chinese officials are pretty much on a par with many American and European officials when it comes to matters of this sort. The general public was somewhat startled when evidence was given by a member of the firm of auditors which acted as secretaries to the Greyhound Racing Association (Luna Park) in the British Supreme Court February 8 that one percent (out of 11 per cent which was deducted on win bets) had been appropriated "to create further means to pay a stamp tax duty to the Chinese Government." The Court held that the witness need not answer as to details, the witness merely stating that the "payment was made confidentially and is somewhat of a political matter." The evidence, it will be noted, was not that such a stamp tax was actually paid, but merely that the payment was made "to create further means" to that end. The testimony of the witness (G. A. Buyers) had an instant reaction in Chinese Government circles, Zia Chi, director of the Revenue Department of the Ministry of Finance the following day sending a letter to the directors of the Greyhound Racing Association, stating that the Chinese Government wanted to know to whom the fund was handed over. Mr. Zia also asked for production of the receipts showing the amount of payments and the date. There said matter stands—at least until the court case comes to an end. However, at just about the same time publicity was given to the fact that the Nanking government had allegedly fined Yen Chen-yu, magistrate of the Shanghai Hsien, two months salary and reduced him two grades in rank, for allegedly favoring or allowing paper hunting in the district under his command. Paper hunting is a sort of imitation fox hunting engaged in by the foreign racing fraternity of Shanghai, where in the absence of a fox, bits of paper are strewn about the country and then mounted hunters try to pick up the trail—which often leads through freezing water and disagreeable country generally. Hardly a season passes without some rider being seriously injured, sometimes fatally. In recent years there has been considerably outcry among the local Chinese against permitting foreigners to ride through the Chinese country-

side in this manner and the fact that the racing nevertheless continues is assumed by critics to mean that certain officials are willing to allow the races to proceed provided suitable compensation is forthcoming—ostensibly to be used to pay for any damage to the farming country that the riders may do.

The incident pertaining to the alleged payment of a "stamp-tax" to certain officials came out in connection with the hearing in the local British court of an action brought by the proprietors of the defunct Luna Park against certain former officials of the Municipal Settlement who allegedly were responsible for closing the greyhound gambling resort.

BRITISH FOREIGN OFFICE DENIES FACTS OF TIBETAN POLICY

RECENT denials by the British Foreign Office of any special agreement with Japan concerning China raise some interesting points. On February 2 there appeared a statement from the Foreign Office denying that any agreement existed by which Britain was to work for a free hand for Japan in Manchuria in return for a free hand for Britain in Tibet, the statement adding, among other things, that "a free hand in Tibet is not and never has been the ambition of His Majesty's Government of the United Kingdom nor of the Government of India, and the attitude of His Majesty's Government with regard to the Sino-Japanese dispute is not influenced in any wise by considerations affecting Tibet."

No evidence, indeed, has so far been adduced of a specific agreement between Britain and Japan with regard to Tibet, but the British disclaimer goes so far as to arouse suspicion when it declared that Britain does not and "never has aspired to a free hand in Tibet," a declaration which makes the whole disclaimer unconvincing. In 1904, nearly twenty-nine years ago, British forces invaded Tibet from India, and did not withdraw until the helpless government at Lhassa had signed a convention recognizing Britain's special position there, while the suzerain power, China, had not only to agree to this "special position," but furthermore to pay an indemnity to Britain for the latter's invasion.

The Statesman's Year Book, a British publication drawing its information largely from official sources, is authority for what happened in 1912, when at the time of the Chinese Revolution the Chinese garrison was expelled, and the British government informed Peking that the "re-establishment of Chinese authority would constitute a violation of the Anglo-Chinese Treaty of 1906. Only the "suzerainty" of China could be recognized, and "Great Britain could not consent to the assertion of Chinese sovereignty over a state enjoying independent treaty relations with her."

This, indeed, would appear to show that Britain not only aspired to, but actually secured, a free hand in Tibet. But the British government went further than this, and at the "Tripartite Conference" (held not in Tibet, nor even in China, but at Simla), Britain and Tibet agreed to the latter's "independence" from China. By this agreement Britain gained full freedom of action in Tibet, so far as China or any other power was concerned. China, however, refused to agree to this *de facto* situation, and has persisted in this attitude. In 1919, indeed, the Anfu clique then in control in Peking was ready to sign a treaty with Britain recognizing Tibet as virtually a British protectorate, but the wave of patriotic fury which rose and swept away several of the "traitors" at the time put a sudden end to these negotiations, and China has never officially recognized Britain's free hand in the territory.

The British Foreign Office of today might do well to refer to the handbook on Tibet prepared under the direction of the British Foreign Office thirteen years ago, concerning the 1914 Convention:

> "Under this Convention Tibet was divided into Outer and Inner Tibet, after the example of Outer and Inner Mongolia. Outer Tibet was drawn to include a larger extent of territory than China had previously conceded to Lhassa authorities; and to Inner Tibet were added portions of West Szechwan and the Mongol Tsaidom country of Koko-nor, which had been under direct control of China for a long period.... The whole of Tibet, Inner and Outer, was recognized as being under Chinese suzerainty; China was not to convert it into a Chinese province, and Great Britain was not to annex it or any portion of it; China and Tibet were not to enter into any agreement regarding Tibet with one another or with any other power.... Recognizing the special interest of Great Britain in Outer Tibet, China was not to send troops into Outer Tibet, or to station troops or officials or establish colonies there.... Nothing in the convention was to prejudice the existing rights of the Tibetan Government in Inner Tibet; and new regulations for the Indian trade were to be negotiated with Outer Tibet. By these arrangements.... Outer Tibet would become an autonomous state under Chinese suzerainty and British protection."

It is rather unfortunate that the present British Foreign Office is not acquainted with the handbook in question, or with the Statesmen's Year Book, or with the conventions reached with Tibet, or with the *de facto* situation of a British protectorate there, and it is only logical to wonder if they would be acquainted with any new agreement with Japan (if such existed) concerning Tibet. Certainly the statement that "a free hand in Tibet is not and never has been the ambition" of the British Government is absolutely contrary to the facts. Britain thirty years ago aspired to a free hand there, and with the weakening of China due to the Revolution obtained it.

But while the British Government has issued this extraordinary denial of established fact, there has been no official denial of the existence of the Anglo-Japanese Accord established in 1928. This was, at the time referred to as a definite alliance by the *Daily Herald* and other papers, by Japanese spokesmen, and by many correspondents in London, and though for a while the British Foreign Office issued denials similar to the present one regarding Tibet, even making an official disclaimer to the Chinese representative in London, persistent questioning in the House finally forced a statement, and on November 28 the Foreign Office admitted that the British and Japanese governments, in regard to China,

> "had agreed informally that the close contact they desired to maintain would be best promoted and developed by constant communication and consultation between their respective Ministers in Peking who, being each fully informed of the other colleague regarding every new problem as it arises, would be in a position to consider whether a common course of action was desirable, and if not, to understand and explain the reasons of their Government for not pursuing the same course of action."

An agreement so close that either govern-

ment must give an explanation of any failure to participate in a common course of action is certainly very similar to what is understood by an alliance, whether or not military co-operation is provided for. To British papers which pointed out that the new agreement was in absolute violation of the principles of the Washington Convention, the Foreign Secretary explained that:

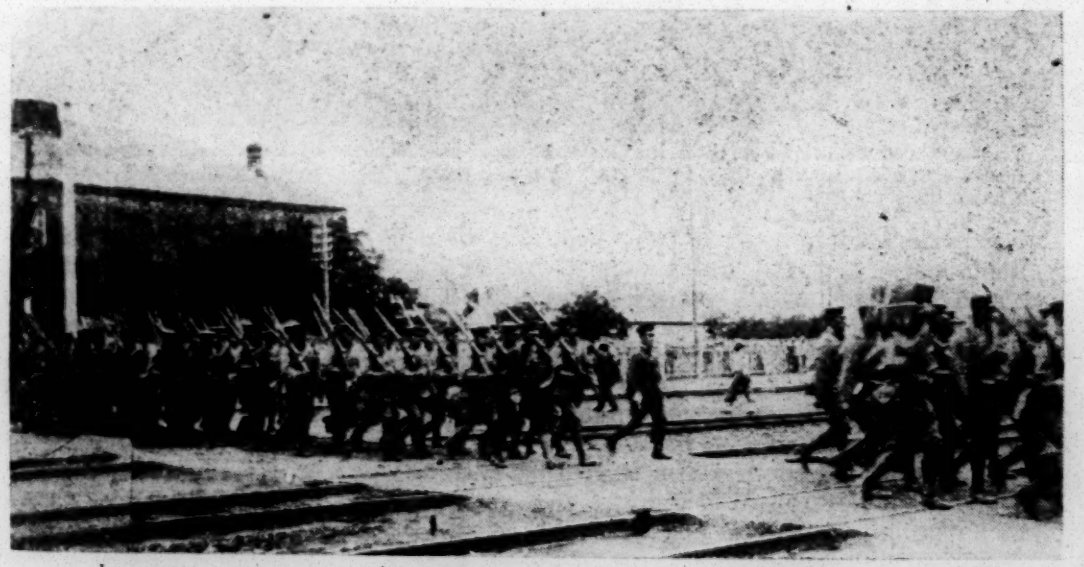
> "The relations existing between Britain and Japan in regard to China were based on the obligations for full and frank communication specified in Article 7 of the Treaty concerning China signed at Washington in 1922, and on the fact that Japan and Britain have much larger interests in China than any other of the Powers represented at the Washington Conference."

Here, as before, the vital point is put last. Japan and Britain, having much larger interests in China than any other powers, reached a bilateral agreement for a common course of action, the carrying out of which involved the exchange of full information between their respective ministers in Peking. That such a private agreement between two Great Powers should be referred to as consistent with the Nine-Power Treaty is most extraordinary.

What is called for now is a statement from the British Government that the Anglo-Japanese Accord established in 1928 has been discontinued. Such a declaration must involve, of course, a statement as to just when the agreement was terminated. And yet, though one official denial after another has been issued by the British Foreign Office (one declaration at least—that concerning Tibet — containing glaring misstatements of fact), nothing has been published disclaiming the Accord established in 1928 for a common course of action between the British and Japanese Governments in China. Until some definite statement appears it will naturally be assumed that Simon's pro-Japanese attitude at Geneva, Drummond's partiality for the Japanese, and other aspects of Britain's activities in the dispute, are a part of the Entente established in 1928, with or without supplementary agreements on specific matters.

The Number and Support of Japanese Troops Stationed in Manchuria

THE Japanese protocol of recognition of Manchukuo, signed on Sept. 15, 1932, contains the following clause, "Japan and Manchukuo....agree to cooperate in the maintenance of their national security, it being understood that such Japanese forces as may be necessary for this purpose shall be stationed in Manchukuo." There was nothing in the published text of the protocol, indicating how these Japanese troops are to be paid—whether by Japan or Manchukuo—but on Feb. 13, Gen. Araki, Imperial Minister of War, in reply to an inquiry put to him at a meeting of the budget sub-committee of the Diet, declared that although Manchukuo "ought to bear some of the expense of maintaining Japanese troops in Manchukuo, no definite decision had yet been reached." He stated further that while the Manchukuo government was not in financial difficulties, the new state was in need of money for various industrial enterprises.



Japanese troops engaged on a route march at Tientsin. The number of regular Japanese troops stationed in Tientsin is given as 1,567 officers and men with smaller forces stationed in Peiping, Tangku, Chinwangtao and Shanhaikwan. These forces commanded by Lieutenant-General Nakamura are known as "Boxer Protocol Troops" and are not directly connected with the Japanese forces operating in Manchuria.

This statement by Gen. Araki regarding the support of Japanese troops stationed in Manchukuo, plus recent conflicting reports from Tokyo regarding the number of Japanese troops now on the Chinese mainland, has aroused considerable interest because it is a known fact that the maintenance of the Japanese army in China's northeastern provinces is causing a considerable financial strain in Tokyo. As a matter of fact there is considerable evidence that recent Japanese loans advanced to Manchukuo were not real loans but paper transactions whereby the Japanese government shifted to Manchukuo a portion of the budgetary expense for the upkeep of the Japanese army in Manchuria.

But this does not clear up the mystery regarding the actual number of Japanese troops stationed in Manchuria. A report from Tokyo (*Reuters* on Feb. 11) stated the Japanese newspapers recently carried reports of farewells given to large batches of troops leaving for Manchuria. Continuing, the report stated that some of these troops are men who have already completed part of their conscript service with the colors, but the majority were young recruits who put on uniforms for the first time on Jan. 20 of this year, the date on which new conscripts are called to the colors each year throughout the country. Normally, new recruits intended for service in

Manchuria, receive their training in their own divisional areas in the homeland before proceeding overseas, but now in accordance with a new decision of the War Department the recruits are sent directly to Manchuria for preliminary training as well as permanent service. Various reasons were advanced for this revolutionary decision, one being the necessity for strengthening the Japanese divisions already in Manchuria and the other being that the peculiar type of "warfare" prevailing in Manchuria, required preliminary training in the field rather than in Japan proper. In this connection it was stated that the sending of recruits directly to Manchuria would hasten their "acclimatization," and training for guerilla warfare. Also, it was claimed

Japanese street barricade in the Japanese Concession at Tientsin. Japanese sentries are constantly on the job at this and other points in the concession, day and night.

that experience had proved that the "six independent railway guard battallions permanently stationed in Manchuria," had shown greater efficiency than had been the case of regular troops trained in Japan proper. Hence, in view of the present outlook that several years are likely to be necessary before order can be fully established, "recruits for service in Manchuria will be sent directly to Manchuria for the same specialized training heretofore given to the railway guard battallions."

Anyone who has ever attempted to discover the exact number of Japanese troops stationed in any given place, whether in Japan proper or elsewhere, will realize at once the difficulty of determining the exact number of Japanese troops now stationed in Manchuria. A foreign military observer stationed in Japan, who recently made a tour of inspection in Manchuria was asked regarding the approximate number of Japanese troops now stationed in Manchuria. He replied, "approximately 100,000," but immediately qualified the statement by explaining how difficult it was to determine the actual number of Japanese troops stationed in any given place. He said that he had resided for several years in Japan adjacent to a military camp but in all the period of his residence, had never been able to find out the number of troops in the camp. He stated that Japanese officers apparently are schooled in the giving of evasive reports regarding the strength of their detachments. A recent example of this was shown in connection with the conflicting reports regarding the number of Japanese troops that participated in the occupation of Shanhaikwan, the reports of foreign observers, some of them skilled military men, varying all the way from 2,500 to 8,000. The best example, however, was given in the recent book dealing with the Japanese military intervention in Siberia in 1918-1919, by General Graves, who stated that the Japanese military commander insisted he had only some 7,000 troops in Siberia, but a careful check-up by the American commander showed the Japanese strength in excess of 70,000.

But to get back to the actual number of Japanese troops now stationed in Manchuria, the decision of the Tokyo War Department to send recruits directly to Manchuria for special training, will obviously make it even more difficult to determine the real strength of the Japanese army on Asiatic soil. In the *Reuter* report from Tokyo, referred to in the foregoing, it was stated that the divisions of regular troops now in Manchuria probably did not number more than 5,000 to 5,500 men each, instead of about 8,500 men each which was understood to be the peace strength of troops stationed in Japan proper. However, it was claimed that the decision to send raw recruits directly to Manchuria for special training, "would result in increasing the total strength of Japanese troops there from the present 40,000 odd to probably something like 55,000.

The Tokyo War Office apparently would like the world to believe that the actual number of fighting men in Manchuria numbers somewhere between 35,000 and 40,000, but a careful examination of conflicting reports from Tokyo does not give the necessary assurance that these reports are correct. For example, a report by the *United Press*, from Tokyo dated Jan. 20, stated the War Office had denied reports regarding a possible increase in the number of troops in Manchuria. "The total number of troops listed as on duty in Manchuria now is less than 40,000, but when gendarmes, police, medical units and other special units are added, it is believed the number might be estimated as high as 50,000, but even if this

figure is accepted, it is believed there are not more than 35,000 fighting men." Immediately following this statement, however, the *United Press* report quoted foreign military attaches as suggesting the number of Japanese troops in Manchuria during the present year might be increased to 75,000 or 85,000 men. It was considered that such an increase might be necessary in order to cope with the Jehol situation.

In further reference to the forthcoming Jehol campaign, a *Reuter* report from Peiping, quoting sources in Mukden, stated that the Japanese were planning the use of four divisions in the drive into Jehol, the 6th, 8th, 10th and 14th, and "if necessary four additional divisions will be dispatched from Japan." Other *Reuter* reports from Tokyo, dated Jan. 19 and 24, added further confusion to the subject. For example it was stated that the entire 1,200 kilometers of tracks of the Chinese Eastern Railway in north Manchuria stretching from Manchuli on the west to Pogranitchnaya on the east, were held by two and a half divisions, both numerically weak. These divisions were the 10th commanded by Lieutenant-General Hirose, headquartered at Harbin; the 14th commanded by Lieutenant-General Matsuki and headquartered at Tsitsihar, and Major-General Hattori's 14th brigade of the 7th division, headquartered at Hailar in the Barga district. Of the two remaining Japanese divisions in Manchuria, the 6th under command of Lieutenant-General Sakamoto is headquartered at Kirin City and the 8th division under Lieutenant-General Nishi is headquartered at Chinchow in Fengtien province. Then in addition to these forces the same report listed the 1st and 4th Independent Cavalry Brigades commanded by Major Generals Takanami and Mogi respectively, both of which took part in the drive along the western branch of the C. E. R. to Manchuli early in last December. It was stated that these two cavalry brigades would likely be used in the Jehol campaign. A later *Reuter* report from Tokyo dated Jan. 19 gave the following Japanese military formations and their commanders now in Manchuria.

Kwantung Army Commander, General Nobuyoshi Muto; Chief of Staff, Lieut-General Kuniaki Hoiso; Headquarters, Changchun.

Independent Railway Guard (consisting of six special battalions for guarding S. M. R. main lines): Commander, Lieut-General Chuya Inouye; Headquarters, Mukden.

1st Independent Cavalry Brigade: Commander Major General Sukeji Takanami.

4th Independent Cavalry Brigade: Commander, Major-General Kennosuke Mogi.

6th Division (Kuma moto): Headquarters, Kirin; Lt.-Gen. Masaemon Sakamoto; 11th Brigade, Maj-Gen. Kunizo Matsuda; 36th Brigade, Maj-Gen. Yoshiaki Takata.

8th Division (Hirosaki): Headquarters, Chinchow; Lt.-Gen. Giichi Nishi; 4th Brigade: Maj-Gen. Yoshimichi Suzuki; 16th Brigade: Maj.-Gen. Shigekiyo Hayashi.

10th Division (Himeji): Headquarters, Harbin, Lt.-Gen. Jusuke Hirose; 8th Brigade, Maj-Gen. Waichiro Sonobe; 33rd Brigade, Maj.-Gen. Kaoru Nakamura. 14th Division (Utsunomiya): Headquarters, Tsitsihar, Lt.-Gen. Naosuke Matsuki; 27th Brigade, Maj.-Gen. Hideo Hiramatso; 28th Brigade, Maj.-Gen. Teizo Hiraga.

7th Division (Hokkaido) (part only): 14th Brigade, Headquarters, Hailar, Maj.-Gen. Heijiro Hattori.

Further confusion regarding the strength of Japanese forces taking part in military engagements in Manchuria is due to the Japanese custom of announcing that such-and-such a town was occupied by a combined force of Japanese and Manchukuo troops. This was the case in the recent engagement at Shanhaikwan when the Japanese announced the town had been occupied by a combined force of Japanese and Manchukuo troops. A foreigner, an Englishman, who observed the engagement stated that the Japanese troops numbered approximately 5,000, while the so-called Manchukuo forces that participated consisted of one small company of police which was used to guard the railway station, the strength of the Manchukuo company not exceeding 150 men. Of course the Japanese are constantly trying to give the impression that they are being assisted by Chinese troops belonging to Manchukuo but the reports do not carry conviction. A *Reuter* report from Peiping on Feb. 9 stated that the so-called Manchukuo troops stationed in western Fengtien province, "were poorly armed, each soldier having only forty cartidges and none of the detachments possessing field artillery." Then there was another report from Japanese sources in north China to the effect that the Japanese force preparing to engage in the Jehol campaign, "was assisted by 40,000 Mongolian volunteers under the command of a Captain Saito of the Japanese army." It was stated that this force was equipped with trench-mortars, field artillery and two companies of machine-guns, a report that did not carry conviction to anyone familiar with the character of Mongolian troops which are nomadic and comparable somewhat to the status of the American Indians of the western plains a century ago.

Of final interest in connection with this subject was the announcement of Gen. Araki, Minister of War, in the Diet on Feb. 12 that his policy was "to make the Japanese army as efficient as the army of any western power," to which end he was asking for an appropriation of Yen 530,000,000 which was to be spread over a period of two years. This statement by the Imperial War Minister, combined with the earlier announcement regarding the sending of recruits directly to Manchuria for special training purposes, led foreign observers in Tokyo to believe that Japan has visions of early trouble with the Soviets. The new state of Manchukuo naturally will be called upon to stand its portion of the heavy expense of training and supporting the Japanese army—which means in practical language that the Manchurian people are not to be relieved of the burden of supporting a large army —the only difference being that they must now support a Japanese army in place of the Chinese army they previously had to support.

According to the last Japan Year Book, the strength of the present standing Japanese army was given as 17 divisions with approximately 220,300 officers and men, including infantry, cavalry, field artillery, mountain artillery, field heavy artillery, heavy artillery, sappers, railway corps, telegraph corps, air force, balloon corps, commissariat, tank corps and anti-air-craft artillery. Of these forces two divisions are permanently stationed in Korea and one regi-

ment is stationed in north China under the Boxer Protocol. If one would believe the current reports regarding the strength of the Japanese forces in Manchuria, it probably means that more than half of Japan's standing army is now stationed on the Asiatic continent, that is, in Manchuria and in Korea. The strength of the Japanese forces permanently stationed in Formosa is not known. However, these figures do not mean much because the Japanese system of conscription and universal military service makes every able-bodied man a potential soldier. In the original occupation of Mukden and other Manchurian cities as well as in the intervention at Shanghai in January last year the Japanese military authorities made use of thousands of so-called "plain-clothes" men, otherwise reservists and civilians who had experienced military training and hence were available for military service when the orders were issued.

Japan Continues to Defy the League of Nations

JAPANESE Government officials evinced considerable indignation but in no way were inclined to budge an inch from their previously announced position, as a result of recent developments at Geneva. The Committee of Nineteen put a very blunt question to Japan last week, namely,

> "Do you recognize that the Manchurian regime, which you have recognized as an independent state, is not a solution?"

To this query Japan replied in effect as follows:

> "We are unable to cancel the recognition of Manchukuo, whose existence we consider the best guarantee of peace in the Far East."
>
> "We hold the League responsible for the failure of conciliation under Art XV par. 3."
>
> "Our reply to your query is: No!"

In the meantime the agitation in Japan to have Japan withdraw from the League is increasing in intensity, the preparations for the invasion of Jehol are being speeded up, and the Japanese Foreign Office has issued one more statement repeating Japan's original claims that Jehol is a part of Manchukuo in view of the fact that the Jehol government jointly signed the telegram dispatched to the outside world informing the establishment of a new state. The Japanese point of view, once more reiterated, is that Japan, under the terms of the Manchukuo-Japanese protocol signed on September 15, 1932, is legally authorized to give military assistance to Manchukuo in the latter's campaign to drive out the Chinese troops, Chinese volunteers and other "insurgents" in Jehol, whose presence in Jehol is considered (by Japan and Manchukuo) to be subversive of peace and order. The Japanese point of view is that the Japanese advance into Jehol will not be a military operation for the purpose of invasion nor a military action which may induce so-called "severance of diplomatic relations" between Japan and China. The Japanese have made it clear that should the Chinese troops now concentrated along the Sino-Manchukuo border (that is along the Great Wall) help the "insurgents," the Japanese and Manchukuo armies may have to take drastic action to suppress them and in such a case the Chinese army must be held responsible.

***

Apart from leaving in abeyance a few final touches relating to the negotiating commission, the sub-committee of nine of the Committee of Nine of the League of Nations at Geneva, after a meeting lasting three hours, on Feb. 11 concluded, its momentous report with a unanimous agreement that a few months ago would have seemed incredible.

The recommendations take as a basis the Covenant on the League of Nations, the Kellogg Pact, the Nine-Power Treaty, the declaration of the late M. Briand on December 10, 1931, the resolution of the Assembly on March 11, 1932, and the Lytton Report.

The recommendations refer especially to the seventh principle in Chapter IX of the Lytton Report, namely, that a new civil régime should be constituted in Manchuria consistent with the administrative and territorial sovereignty of China; and to Japanese special interests in that region.

The two parties are urged to start negotiations with a view to a settlement of the dispute with the assistance of a committee of Powers designated by the Assembly, in which non-member States and signatories of the Kellogg Pact and the Nine Power Treaty will be asked to participate, in other words the United States and Soviet Russia.

The negotiating committee shall, in the event of a deadlock, report of the Assembly.

The members of the League agree that they cannot do anything inconsistent with these recommendations and that they shall continue not to recognise the existing régime in Manchuria.

The Secretary-General of the League shall appoint the negotiating committee within a month of the adoption of the report.

These are the main points in the recommendations, but the committee of nine discussed a number of other points, especially what will happen in the event of either party rejecting the recommendations. It is understood that it was agreed that the delay of three months provided by the Covenant shall be considered as beginning from the adoption of the report by the Assembly.

The question of compulsory arbitration was raised by M. Motta, the Swiss delegate, but no conclusion was reached; nor was any decision reached on the continuance of the Committee of Nineteen.

The size of the negotiating committee was left to the decision of the Assembly, but not more than a dozen members are envisaged, belonging to Powers chiefly interested in the Far East, whose local representatives might be called to act.

Although there was general reluctance even to allude to the possibility of Article XVI, which provides for the imposition of sanctions, it was realised that it would not be possible to leave the question suspended in the air in the event of failure of the negotiations.

The report begins with a preamble, which notes the failure of conciliation, compelling recourse to Paragraph IV of Article XV of the Covenant, under which the report is drafted.

Part I gives an historical review of what has happened in the Far East and quotes the whole of the first eight chapters of the Lytton Report, saying it constitutes an impartial and complete story of the background of the dispute.

Part II deals with events at Geneva and with historical links with the Far East in order to explain the reasons for the adoption of various resolutions by the Council and the Assembly. It quotes Consular reports for events at Shanghai and recounts what has happened since the compilation of the Lytton Report. It also refers briefly to the happenings at Shanhaikuan and the threat of a Japanese occupation of Jehol, according to Chinese reports.

Then follows Part III, with the conclusions, the full text of which is as follows:

Paragraph I:—The dispute between China and Japan which was submitted to the Assembly originated in Manchuria, which China and the foreign Powers have also regarded as part of China under the sovereignty of the Chinese Government.

In its observations on the report of the Commission of Enquiry, the Japanese Government contests the argument that rights conferred on Russia and subsequently acquired by Japan in extremely limited areas known as the South Manchuria Railway zone conflict with Chinese sovereignity.

They are, on the contrary, derived from the sovereignty of China. The rights granted by China to Russia and subsequently to Japan derive in fact from the sovereignty of China.

Under the Treaty of Peking of 1905, the Chinese Government consented to all transfers made by Russia to Japan under the Treaty of Portsmouth. In 1905 it was to China that Japan addressed requests for the extension of her rights in Manchuria. Also with the Chinese Government the Treaty of May 25, 1915, was concluded concerning South Manchuria and east Inner Mongolia.

At the Washington Conference Japan renounced certain principal rights in South Manchuria and east Inner Mongolia, explaining that in coming to this decision she was guided by fairness and moderation, having always in view Chinese sovereign rights and the principles of equal opportunity.

The Nine-Power Treaty applies to Manchuria as to other parts of China.

Finally during the first phase of the present conflict, Japan never argued that Manchuria was not an integral part of China. Japan even insisted that the conflict ought to be settled by the two parties concerned, namely, China and Japan.

Paragraph II:—The Assembly, in noting these facts, is not unmindful of the tradition of autonomy in Manchuria: tradition in one extreme case made it possible, for instance, for Chang Tso-lin to conclude, in the name of the autonomous Three Eastern Provinces of China, the agreement of September 20, 1924, with Russia concerning the Chinese Eastern Railway, navigation, delimitation of frontiers, et cetera.

It is obvious from the provisions of the agreement, however, that the government of these Three Provinces did not regard itself as the government of a state independent of China but it believed it might and should itself negotiate with Russia on questions affecting the interests in view of the fact that the Central Government had a few months previously concluded an agreement on certain of these questions with the self same Power.

This autonomy of Manchuria was also reflected in the administration. The independence proclaimed by Chang Tso-ling at different times never meant that either he or the people of Manchuria wished to be separated from China.

Through all its wars and periods of independence, Manchuria remained an integral party of China. Further, since 1928 Chang Hsueh-liang has recognised the authority of the Chinese National Government.

Paragraph III:—During the quarter century ending September, 1931, the political and economic ties between Manchuria and China grew stronger, also Japanese interests in Manchuria continued to develop.

Under the Chinese Republic the Three Eastern Provinces were thrown wide to Chinese immigration from other provinces, who, by taking possession of land, have made Manchuria in many ways a simple extension of China south of the Great Wall.

In the population of about 30,000,000, it is estimated that the Chinese or assimilated Manchus number 28,000,000.

Under Chang Tso-lin and Chang Hsueh-liang the Chinese population and interests have become more important than formerly in developing the economic resources of Manchuria.

Paragraph IV:—On the other hand, Japan in the same period acquired or claimed in Manchuria rights which restricted the exercise of sovereignty by China in a manner and to a degree quite exceptional, the Government of Kuantung exercising in practice what amounted to full sovereignty.

Through the South Manchuria Railway she administered railway zones, including several towns and importatnt parts of populous cities like Mukden and Changchun.

In these places she controlled the police, taxes, education and public utilities.

She had armed forces in certain parts of the country, the Kuantung Army in the Leased Territory, railway guards in the railway zones. Consular police in various districts.

This state of affairs might have continued without leading to complications and incessant disputes if both parties had freely desired or accepted it and there had been a policy of close economic and political co-operation. Otherwise it was bound to lead to mutual misunderstandings and conflicts.

The inter-connection of their respective rights, uncertainty of the legal situation and sometimes increasing opposition between the Japanese idea of their special position and the claims of Chinese nationalism were a further source of numerous incidents and disputes.

Before September 18, 1931, each had legitimate grievances. Japan took advantage of rights which were open to question. China obstructed the exercise of rights which were undoubted.

Immediately preceding the events of September 18 efforts were made to settle outstanding questions by diplomatic pacific means and these had not been exhausted, but tension increased and opinion in Japan advocated a settlement, if necessary by force.

Paragraph V:—The present is a period of transition and national reconstruction in China which, despite a Central Government and considerable progress, necessarily involves political rising, and calls for the employment of a policy of international co-operation.

One of the results of this policy would be that the League of Nations would continue to afford China the technical assistance in modernising its institutions which it might request to enable the Chinese to reorganise and consolidate the State.

Full appreciation of the policy of international co-operation initiated at the Washington Conference, whose guiding principles continue to be necessary, has been delayed, more particularly by the violence of anti-foreign propaganda carried on in China from time to time, while the employment of an economic boycott and anti-foreign teaching in schools has contributed to creating the atmosphere wherein the present dispute broke out.

Paragraph VI:—The boycott previous to September 18, 1931, to express indignation at certain incidents or to support certain claims, could not fail to aggravate the situation, which was already tense.

After September 18 the boycott falls under the category of reprisals.

It is necessary to add, as a general observation applying to international relations, that measures of violence necessarily tend to provoke counter measures of violence.

Paragraph VII:—The precise object of the provisions of the Covenant regarding the settlement of disputes is to prevent tension between nations becoming such that a rupture seems inevitable.

The Commission of Enquiry found each of the controversies capable of settlement by arbitration. Because the accumulation of controversies increased tension, the duty of the nation which regarded itself injured was to draw the League's attention to the situation when diplomatic negotiations were unduly prolonged. Article XII of the Covenant contains formal obligations regarding the pacific settlement of disputes.

Paragraph VIII:—Without excluding the possibility that on the night of September 18 Japanese officers maybe believed they were acting in legitimate defence, military operations taken on that night by the Japanese troops at Mukden and other places in Manchuria cannot be regarded as measures of self-defence, nor can military measures of Japan as a whole which developed in the course of the dispute. Moreover, the adoption of measures of legitimate defence does not exempt a State from Article XII.

Paragraph IX:—Since September 18 the activity of the Japanese military authorities, both in civil and military matters, has been inspired by essentially political considerations.

Progressive military occupation has removed all important towns from Chinese control and the civil administration has been reorganised after the occupation.

A group of Japanese civil and military officials planned, organised and carried out in Manchuria an independence movement as a solution for the situation in Manchuria as it existed after the events on September 18, for this purpose using the names and activities of certain prominent Chinese and certain minorities and native communities which had grievances against the Chinese administration.

This movement, supported and guided by the Japanese General Staff, could only be carried out owing to the presence of Japanese troops. It cannot be considered a spontaneous and genuine independence movement.

Paragraph X:—The principal and administrative power in the Government of Manchukuo as the outcome of the movement prescribed above is in the hands of Japanese officials and advisers who are in a position to control the administration effectively.

Generally the Chinese in Manchuria, who form a vast majority of the population do not support this government and regard it as a tool in the hands of Japan. It should be noted though, that since the Commission of Enquiry completed its report, Manchukuo has been recognised by Japan and has not been recognised by any other State.

In general terms, the recommendations of the League Committee state that any eventual solution must conform with the principles laid down by M. Briand on December 10, 1931; the settlement must not be effected under military pressure. The establishment of a new regime in Manchuria which would be autonomous but under Chinese sovereignty is recommended as is also the evacuation of the Japanese troops from the posts they have occupied outside the railway zone. Negotiations between the two parties with a view to applying the above recommendation are suggested, the negotiations to be opened under the auspices of a commission to be nominated by the League Assembly in which the United States and Soviet Russia will be invited to participate.

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What the eventual outcome of all this defiance of the world by Japan will be only time will tell, but when so peacably-minded a man as Henry Morgenthau, former American Ambassador to Turkey—as he did in a recent speech—is led to observe that the world is rapidly drifting into another war which will involve both Occident and Orient, the prediction cannot be said to come from a sensation monger. "Japan has lighted the match in the Manchurian powder box and may any day draw the rest of the world into a bloody combat," Mr. Morgenthau said. So far as Japan is concerned the evident outstanding fact is that the military operations are loading up a tremendous debt, which there is no present prospect of being recouped from Manchuria. General Araki, Japanese War Minister at a meeting of the budget sub-committee recently in Tokyo, in reply to a query as to whether Manchukuo would share the cost of the Japanese troops in Manchuria, replied that although Manchukuo ought to bear some of the expense, no definite decision to that end had yet been reached. Although the Manchukuo government is not in financial difficulty, he added nevertheless the new state needed money for various industrial enterprises. Some future historian will doubtless cite Japan's adventure in Manchuria as another proof that imperialism doesn't pay.

Reports from Shanhaikwan during the week indicate that additional Japanese troops have arrived in Manchuria from Japan and Korea. Twenty-four trainloads of soldiers, consisting of the remaining units of the 8th, 10th and 14th Divisions, were transported to various points in western Liaoning, and along the Tahushan-Tungliao and Mukden-Shanhaikwan Railways during the past week, according to a recent *Kuo Min* telegram. In Shanhaikwan, the Japanese garrison has been augmented to 2,000. The eastern, western and northern parts of the walled city are protected by sandbags, wire barricades and mines while forts are being erected at the West Gate.

It is reported that an attack on Liuhokou, outside Chiumenkow, by a Japanese cavalry detachment on the night of Feb. 12 was repulsed by the Chinese forces after three hours of sanguinary fighting.

Except for air raids, the situation at Kailu, eastern Jehol, was comparatively quiet during the fore part of the week as both sides assumed an attitude of watchful waiting. It is reported that the Japanese held a military conference at Tungliao, western Liaoning, on the night of Feb. 12 to plan another attack on Kailu. In the meanwhile, Major-General Tsui Hsin-wu, Garrison Commander of Kailu, has strengthened the defences of the border city. Contact has also been established with the Volunteers under Generals Liu Chen-tung and Li Hai-ching. The movements of the Japanese troops in this sector have been greatly hampered by the guerilla tactics pursued by these Volunteers. Two Japanese airplanes appeared over Kailu Feb. 13 and after circling around for five minutes dropped over 10 bombs on the city. Skirmishes occurred at several points along the Jehol border during the early part of the week.

In the meantime both the Chinese and Japanese are anxiously keeping their eyes on General Tang Yu-lin, Provincial Governor of Jehol, and technically Vice-President of the State Council of Manchukuo.

A *United Press* message from Changchun, Feb 14 stated that an ultimatum was despatched by the Manchukuo Government to General Tang on that date warning him against a hostile attitude toward the new state. According to Manchukuo leaders, although Gen. Tang is the vice-President of the State Council of Manchukuo, he has not accepted requests to visit Changchun for a long time. It has been decided that in the event that Gen. Tang refuses the ultimatum, the Manchukuo Government will dismiss him from his post and begin military operations in Jehol.

Japanese Will Shortly Deliver Three Ultimatums on Jehol

Advices from Peiping Feb. 15 stated that three Japanese ultimatums will shortly be delivered to China, according to high Japanese officials there. One will be from the Manchukuo Government to General Tang Yu-lin, the Governor of Jehol; one from General Muto, the Japanese Commander-in-Chief in Manchuria to Marshal Chang Hsueh-liang, and the third will be from Tokyo to Nanking. Each of these ultimatums, it is stated, will demand the complete withdrawal of the Chinese troops from Jehol, "which is an integral part of Manchukuo," and in each case a reasonable time will be given for compliance. Official circles in Nanking reiterate that the Chinese troops in Jehol and elsewhere will resist to their best ability any further invasion of Chinese territory.

Major Fighting in Jehol to Occur Soon

A Peiping despatch to the *China Times* Feb. 13 reported a telephone message from Chenteh, the capital of Jehol, to the effect fighting had ceased on the Kailu front, with the Chinese troops still holding their original positions. Government regular troops, under Brigadier-Commander Chueh Hsin-wu, were co-operating closely with the Chinese Volunteers in that sector. The Japanese have apparently changed their plans and intend to make an attack on Linyuan. The Japanese military authorities are reported to be saying that the attack made on Kailu was only to ensure the safety of Tung-liao, which has recently been attacked several times by the Chinese Volunteers. The same message states that the situation at Linyuan is extremely serious. Both side are concentrating their main forces on that front. Major fighting is expected to begin between Chinese and Japanese forces within a few days.

Peipiao, in eastern Jehol, is reported to be threatened with an imminent Japanese invasion. The Japanese troops are gathering at Chaoyang, with Yihsien as their military depot.

Japanese Reinforcements for Manchuria

According to information from foreign sources, Japanese troops in Korea have received orders to proceed to Manchuria to reinforce the divisions now held ready for an attack on Jehol. These troops are moving westward by two different routes, along the Antung-Mukden Railway and through Chientao. The whole of Feb. 13, troop-trains were seen passing in the direction of Mukden. All military supplies are transported to Mukden at night. It is reported that a large quantity of chemical weapons have been sent to Mukden.

General Muto is stated still to be in Changchun he is busily engaged in drawing up plans for an attack on Jehol. It is reported he has already issued the "general attack" order on Jehol.

Su Ping-wen's Troops in Jehol

The *Ta Kung Pao* (Peiping) states that the First and Second Brigade of General Su Ping-wen's troops numbering 5,000 men, have arrived in northern Jehol. These men have still three thousand rifles and about eight hundred horses, but they are all exhausted and are enjoying a rest before being sent to Eastern Jehol to renew the fight against the Japanese.

According to colonel Chang Pao-lin, commanner of the 4th regiment of General Su's forces, who is now in Peiping, these troops from Northern Manchuria experienced almost unbelievable hardships during their retreat from Manchuria to Jehol.

Gen. Wang Teh-lin Takes Refuge in Soviet Territory

According to reports from Manchuria, General Wang Teh-lin, Commander of the Self-Defence forces in Kirin, has crossed the Soviet border, following the fall to Tungning into the hands of the Japanese. It is understood that General Wang had 600 bodyguards with him but they have all been disarmed by the Russians. The mainbody of General Wang's Volunteer forces are scattered throughout Kirin. Their number is reported to be around seventy thousand men. Wang Yu-cheng now commands these Volunteers during the absence of General Wang Teh-lin.

Dr. W. W. Yen Postpones Trip to Moscow

In view of the postponement of the League Special Assembly, Dr. W. W. Yen, chief delegate of China, will postpone his trip to Moscow to assume his new post there as Chinese ambassador to Russia. Dr. Yen will remain in Geneva till some definite conclusion is reached at the Assembly, and is expected to proceed to Moscow at the beginning of next month.

America Watches Far Eastern Situation with Concern

Increasing concern is felt in official circles in Washington over the situation in the Far East, the Washington correspondent of the *New York Times* wired Feb. 11. Experts, he adds, are predicting that open hostilities between Japan and China cannot be avoided in consequence of the dispute over Jehol.

The correspodent says that Colonel Henry L. Stimson, the Secretary of State, is watching events closely and may have something to say after action has been taken by the League of Nations.

It is reported that Y. Matsuoka, the chief Japanese delegate at Geneva, is proceeding to Washington to confer with President-elect Franklin Roosevelt.

Japan's Two Billion Yen Budget to Be Balanced with Huge Loans

JAPAN'S two billion, two hundred million yen budget was scheduled to come before the House of Peers February 15. The House of Representatives has already finally passed it. The Seiyukai held a meeting February 9 and decided to question the Government on its future financial policies, as the Party felt that it had entirely ignored the future prospects of the national revenue, in drawing up elaborate schemes of financial readjustment, which had been pushed forward without any fixed conception whatever. The Seiyukai decided to insist strongly on the necessity of the Government to strictly keep its feet on the ground. The Minseito held a conference of its leaders the same day. They expressed grave anxiety over the huge issue of Government bonds, which they predicted would certainly bring about a further inflation of the national currency. The Minseito is insisting on two points, the first being that in order to reduce the evils attending the adoption of the abnormal budget, adequate measures should be devised to prevent an unlimited inflation and secure that a fundamental revision of financial, administrative and taxation policies should speedily be carried out, so as to obtain an equilibrium in revenue and expenditure.

Mr. Takahashi, Minister of Finance, explained his budget at the re-opening of the Diet several weeks ago. He maintained that there is little possibility of suffering from extreme inflation of currency. He added that to prevent evils, the Bank of Japan is authorized to sell the bonds which it takes from the Government when deemed necessary.

The figures in Mr. Takahashi's budget total Yen 2,239,000,000, made up as follows:

Estimated revenues are:		
Ordinary	Yen	1,289,000,000
Extra-ordinary		950,000,000
Estimated expenditures are:		
Ordinary		1,367,900,000
Extra-ordinary		881,100,000

Mr. Takahashi said the Finance Ministry had abstained as far as possible from appropriating for any new expenditures other than those for Manchurian affairs, improvement of military and naval armaments, emergency relief measures and those resulting from the fall in foreign exchanges; of these four items of expenditures he gave the following details:

MANCHURIAN AFFAIR

In the General Accounts:		
For the Department of Foreign Affairs	Yen	4,700,000
For the Department of Army		145,900,000
For the Department of Navy		15,500,000
For the Department of Communications		50,000
For the Department of Finance as Reserve Fund		20,000,000
Total		186,300,000
In the Special Accounts:		
For the Government of Chosen		1,200,000
For the Government of Kwantung Province		3,200,000
Total		4,500,000
Grand Total		190,800,000

The expenditures for the improvement of military and naval armaments are appropriated in the following amounts, as these were deemed by the Ministry to be of pressing and unavoidable need:

For the Department of Army:		
Ordinary	Yen	18,000,000
Extra-ordinary		96,500,000
Total		114,600,000
For the Department of Navy:		
Ordinary		16,100,000
Extra-ordinary		79,100,000
Total		95,300,000
Grand Total		209,900,000

The appropriations for the so-called Emergency Relief Measures are:

In the General Accounts:		
The sum already contemplated in the preceding fiscal year for the present fiscal year	Yen	47,700,000
The sum newly appropriated in addition thereto		159,200,000
Total		207,000,000
In the Special Accounts:		
For the Government of Chosen		4,500,000
For the Government of Taiwan		1,800,000
For the Government of Karafuto		1,600,000
For the Imperial Government Railways		8,000,000
Total		16,100,000
Grand Total		223,100,000

The expenditures to be borne by the local bodies etc. side by side with the above national expenditures amount to:

In Japan Proper	Yen	132,400,000
In Chosen and Taiwan		2,900,000
Total		135,400,000
It was roughly estimated, by the Ministry, that the total of the national and local expenditures for emergency relief purpose will reach	Yen	358,000,000

Of the appropriations for the improvement of armament, etc., as previously mentioned, the following amounts are recorded also as contributing to the emergency relief measures:

For the Department of Army	Yen	120,100,000
For the Department of Navy		71,000,000
Total		191,100,000

Lastly, the expenditures resulting from the fall in foreign exchanges amount to:

Exchange loss in the payments of principal and interest of national loans	Yen	60,200,000
Other exchange losses		9,200,000
The increase in the foreign service allowances, etc. and in the cost of supplies		18,400,000
Total		88,000,000

All of the aforesaid expenditures are indispensable ones, Mr. Takahashi said. As a result the total expenditures show an increase of 295,200,000 yen over those of the budget for the preceding fiscal year, and amount in the grand total, as stated above to 2,239,000,000 yen. Mr. Takahashi stated that the extra expenses were for the most part temporary in nature, and at the same time so large in amount that it was quite impossible to make them up in full from increased taxes or other increased revenue, and besides the establishment of a program of tax or other increases to make them up even in part might easily have the effect, just when the econo-

mic regime of the country was taking the first steps toward recovery, of nipping this development in the bud. Thus, taking into consideration all aspects of the situation and believing that this is not the appropriate time for such a taxation program, the Ministry decided to make up the entire deficit by issuing national loans.

The national loans to be issued during the coming fiscal year are as follows:

Earthquake Remedy Loans....	Yen	18,700,000
Road Construction Loans		16,600,000
Telephone Works Loans		13,200,000
Telegraphic Works Loans		700,000
Manchurian Affairs Loans		186,300,000
Deficit Loans		659,400,000
Total		895,200,000
In the Special Accounts:		
The loans for Government enterprises,		
For the Government of Chosen	Yen	31,700,000
For the Government of Taiwan		5,000,000
For the Government of Karafuto		3,500,000
Sub-Total		40,200,000
The loans for the Manchurian Affairs,		
For the Government of Chosen	Yen	1,200,000
For the Government of Kwantung Province		3,200,000
Sub-Total		4,500,000
The loans for the Imperial Government Railways		48,000,000
Total		92,700,000
Grand Total for both accounts		987,900,000

Mr. Takahashi said the manner in which these loans are to be issued depends upon monetary conditions in the future. The general policy would be, as in the past, to have them taken up by the Bank of Japan in the first instance, to be disposed of at its discretion in accordance with conditions in the money market.

Mr. Takahashi argued that the national revenues would gradually increase with the future recovery of business. The appropriations for Manchurian Affairs, for the improvements of armaments and for the emergency relief measures, he reiterated, are of temporary nature and are expected to show a marked decrease within a few years.

After dwelling on world economic conditions, Mr. Takahashi said that fortunately, for Japan, unlike many countries in Europe and America, she had neither the financial and economic troubles resulting from the war debts, nor the pressure from the foreign loans, as there is no fear of withdrawal of short term foreign loans—and more than half of Japan's foreign bonds are in the hands of her own nationals. Moreover, as the majority of the nation is a farming population its people had unsual powers of endurance in these abnormal times. Incidentally, Mr. Takahashi, said, the Japanese Government, recognising the urgent need of improving the financial structure of the nation, in order to overcome the economic depression and to recover business prosperity, had improved the note issue system of the Bank of Japan, so as to enable it more easily to furnish the supply of currency needed by the economic organisation in general. Side by side with this, the Government had taken steps for the liquidation of frozen loans on real estate by the promulgation of the Immovable Property Loans with Government Guarantee Act,. It took, as a means of its lower money policy, another decisive step of lowering the interest rate paid on postal savings deposits from 4.2 per cent to 3 per cent per annum, with the result of inducing a lower trend in general money rates. Moreover, the Government has not only lowered the rate of money to be advanced by the Deposits Bureau from 4.2 per cent to 3.2 per cent per annum, but also made a uniform reduction of 0.6 per cent per annum of the interest rates on money already advanced by the Bureau. In respect of advances by the Deposits Bureau to municipalities and other local communities, which, except in the case of the six largest cities, had hitherto been restricted to advances made through banks or through prefectural offices, arrangements had been made for advances to be made by the Deposits Bureau direct, thus relieving the municipalities etc. of cumbersome formalities and, at the same time, putting them in a more favorable position as regards the interest charge.

Speaking of Japan's future monetary policy, Mr. Takahashi said, in view of the fact that the Government expects to issue a large amount of loans to satisfy the means of public finance, it seemed that there are some who were afraid of the consequences resulting from the loan issue, for such might cause increased issue of currency; inducing lower exchange, stimulating speculation and putting up higher the commodity prices than necessary, resulting eventually in grave social unrest. The Government, however, already anticipated this at the time of amending the system of note issue and creating the Advisory Board System for the Bank of Japan and aimed at the so-called rational control of money, Mr. Takahashi said. In other words, while the Finance Ministry contemplated, on one hand, every necessary step to let the Bank of Japan supply all the money required by Japan's industries, the Ministry intended, on the other hand, to prevent the undesirable effects from so-called inflation. If the Bank of Japan by means of its open market operations disposed of the national loan bonds held by it or purchases them from the market according to the demands of the money market, the Ministry believes that the circulation of money will duly be regulated and there will be little possibility of suffering from extreme inflation.

According to investigations made by the Bank of Japan, Japan's outstanding national debts floated abroad amounted to Yen 1,896,020,664 at the end of 1932. The interest alone on this account works out to about Yen 114,102,076 a year. In addition, the Japanese Government has unredeemed bonds to an amount of Yen 1,404,341,000, on which interest amounting to Yen 74,007,000 a year has to be found. Japan's foreign obligations include £85,470,235 of sterling bonds, G.$203,799,300 of national dollar bonds, 416,213,500 francs of national franc bonds, and $4,000,000 of South Manchurian Railway Co's. debentures.

It will therefore be seen that Japan in common with most other countries in these times of acute financial stress follows the line of least resistance, and loads the debt upon posterity to pay.

Recent American Reactions on the League and Manchurian Issues

A FRIEND in the United States recently sent *The Review* a clipping from the Cedar Rapids, Iowa, *Gazette* which quoted Mrs. Bertha Lincoln Heustis, speaker before the women's club of that city as declaring that Japan is seriously preparing for world conquest and is planning a war with the United States. Mrs. Heustis, the speaker, declared further that the Japanese attack on America would probably come on the west coast and that friends had warned her to remain in the middle-west, the safest spot to be in should the war occur. She then described in detail Japan's war preparations, declaring that Japan probably would be assisted by Soviet Russia. The source of her information, she declared, came from a friend "high in official circles in Japan."

One wonders whether this report is typical information regarding conditions in the Far East, which is being circulated in the United States for if it is typical it is a natural result of propaganda now being circulated in Japan by the military authorities of that country. Elsewhere in this issue of *The Review* appears an article on the subject by a well-known foreign correspondent in Japan, which is important because it indicates unmistakably that a definite war psychology is being cultivated in both Japan and America which may lead to dangerous developments in the not distant future. This conclusion is unavoidable, particularly in the light of news reports which are now appearing in the newspapers in the Far East regarding recent American re-actions pertaining to the latest League action on the Manchurian issue.

That the situation is more or less critical was indicated on Wednesday of this week when Chinese government bonds slumped suddenly as a result of a *Reuter* report from Washington forecasting large scale fighting in north China and suggesting the possibility of a Japanese blockade of Chinese ports in the event of Japan's withdrawal from the League. Reports regarding American possible re-actions resulting from the recent League action have followed two general lines. In the first place there was a brief *United Press* report which quoted William R. Castle, Under-secretary of State, as saying that the United States would continue to adhere to the Hoover-Stimson doctrine of non-recognition, but on the other hand no further moves would be made toward co-operation with the League, pending final action by the Assembly on the recommendations of the sub-committee of Nineteen pertaining to conciliation. A further report pertaining to recent developments at Geneva which was cabled by *Reuters* from New York on Feb. 11, quoted experts as predicting open hostilities between China and Japan over the Jehol question and also suggesting that Y. Matsuoka, chief Japanese delegate at Geneva, was planning a hurried trip to America for the purpose of conferring with President-elect Franklin Roosevelt.

Of much more significance, however, than reports regarding reactions of the State Department, have been reports pertaining to the activities of the U. S. Navy in Pacific waters. In the first place there was the announcement from Washington that the Atlantic Fleet will remain in the Pacific until July, 1934, that is, a year longer than originally was intended. The reason for this move was given as "economy," a statement which immediately drew fire in Tokyo where skepticism was expressed that the Navy Department had made this decision in order to save a "mere G.$400,000." Naturally the Japanese attributed a "deeper and more sinister meaning based on the delicate situation at Geneva." On Feb. 14 *Reuters* telegraphed a summary of an article from the London *Daily Express* describing in more or less lurid detail the plans for the forthcoming maneuvers of the combined Atlantic and Pacific fleets in Pacific waters. The report stated the fleet exercises would be participated in by some 164 battleships, cruisers, destroyers and aircraft carriers and would be based principally on the defence of the California coast against an enemy fleet. The fleet exercises are scheduled to be held between Feb. 18 and March 31 and are to be followed by gunnery and torpedo practice in the vicinity of San Pedro, California. High naval officials having charge of the operations will include Admiral Richard H. Leigh, Commander-in-Chief of the fleet, Admiral Luke McNamee, commander of the battle force and Vice-Admiral Frank H. Clark, commander of the scouting force.

Of direct interest in this connection was a further report from Washington by the *United Press* on Feb. 11, which indicated a determined effort would be made to block any possible move on the part of Congress to reduce naval appropriations in accordance with the general economy program. Quotations were given from a letter written by Secretary of the Navy, Charles F. Adams, strongly opposing any further cut in naval appropriations and while there was no mention of the Far Eastern crisis, the implications were plain. Then on top of the reports pertaining to naval affairs the United Press cabled to the Far East an interview with Henry Morgenthau, former Ambassador to Turkey during the Wilson administration, who was quoted as declaring that a world war in which both Occident and Orient would be involved "appeared inevitable." Mr. Morgenthau declared that Japan had lighted a match in the Manchurian powder magazine and this was likely to draw the rest of the world into bloody conflict. "Japan is now seeking to emulate Great Britain. She intends to make her place in the sun as a world power. Her invasion of Chinese territory results from a desire to match Great Britain's domination of India.

What the coming Roosevelt administration will do about the Far Eastern crisis naturally will not be known until the new President assumes office and appoints a successor to Col. Stimson as Secretary of State. Up to the present the leaders have contented themselves with the announcement that there would be no essential change in policy, that the new administration

would continue the Hoover-Stimson policy of non-recognition of Japanese acquisition of territories obtained in violation of existing treaties. A well-informed observer of Washington politics recently wrote *The Review* as follows, "So far as American policy toward China is concerned, it is not a policy of either the Republicans or Democrats. It is a traditional policy that has been followed by every administration so far without any material changes. However, one must bear in mind that at the present moment Hoover and Roosevelt do not see eye to eye on every issue, and one should not be surprised that the new administration will pick holes in the work of its predecessor. The stand taken by both parties in the campaign platforms on the Kellogg Pact was more or less identical. Roosevelt has expressed no opinion so far with reference to the Japanese question. People here rather resent that the Japanese have used in their propaganda an article which Roosevelt wrote after the Washington Conference in 1922. Much water has flowed under the bridge in the ten years which have elapsed since that article was written. Generally the Democratic Party will be more friendly toward the League, but any forecasts on that score naturally are premature. Generally the Democratic Party as a party, has less courage to adopt any policy that might lead to war. Some have forecasted that Roosevelt may be more friendly toward China than has Hoover been personally, due largely to Hoover's alleged prejudices formed during his residence at Tientsin during the Boxer uprising. As the situation stands today, a small group of influential Democrats under Roosevelt's direction is making a serious, though unofficial, study of the Far Eastern situation with the object of providing the new President with exact information when he assumes office. It is inevitable that domestic and economic questions, war debts and the International Economic Conference will have precedure over the Manchurian Question. There is a frequently expressed hope among the Democrats as well as the Republicans that Japan will collapse finally and economically and thus save the Powers from taking any strong action that might lead to dangerous eventualities."

British India and South Seas Are the Mainstays of Japan's Export Trade

During January, Japan's total exports amounted to Yen 107,000,000 in value, with a result of an import excess by Yen 66,000,000, which, compared with the previous corresponding period, recorded an increase by some 50 per cent. Although the export of raw silk, during the month under review, showed a decrease by Yen 9,000,000, compared with the previous corresponding period, such articles as cotton piece goods, rayon and silk piece goods respectively showed an increase by Yen 16,000,000, Yen 1,800,000 and Yen 1,800,000, while the export of wheat flour and hosiery goods also increased respectively by Yen 2,000,000 and Yen 1,500,000. In imports, a general tendency was an increase of such staples as raw cotton, wool, beans, iron and machinery respectively by Yen 34,000,000, Yen 5,000,000, Yen 2,700,000, Yen 2,700,000 and Yen 2,000,000.

During 1932, Japan's foreign trade values with principal foreign countries were in Yen as follows:

Exports to		Import or Export Excess
U. S. A.	445,000,000	(—) 64,000,000
British India..	192,000,000	(+) 75,000,000
South Seas....	159,000,000	(+) 63,000,000
Australia	36,000,000	(—) 97,000,000
Great Britain..	59,000,000	(—) 19,000,000

Japan's National Debt Will Be Yen 8,000,000,000 in March of Next Year

It is now a foregone conclusion that the national debt of Japan will total nearly Yen 8,000,000,000 in March next year. The Department of Finance will not re-establish a sinking fund system for the present. Nor will it increase the amount of redemption.

The bond issue for the 1933-4 fiscal year, will amount to Yen 987,958,000. The Japanese Government will also issue Yen 11,930,000 for indemnification of the raw silk stock and the purchase of railways, making a total of Yen 1,009,888,000. On the other hand, Yen 34,411,000 worth will fall due for redemption. The Department of Finance expects that the total issue will reach Yen 7,976,573,000 at the end of the next fiscal year i.e. March 31, 1934. Details are:

	Japan	Foreign	Total
	(Unit—Yen 1,000)		
	Yen	Yen	Yen
March 1933.....	5,598,642	1,402,454	7,001,096
New issue	1,009,888	—	1,009,888
Redemption.....	22,651	11,760	34,411
	Yen 6,585,879	1,390,694	7,976,573

In view of the accelerated increase of national bonds the demand in banking, trust and insurance circles for a sinking fund is growing. The Department of Finance declares, however, that it has no intention whatever of increasing the present rate of redemption i.e. one third of 116/10,000, in the 1933-4 and 1934-5 budgets. Theoretically speaking, it argues, it is doubtful whether it is necessary to increase the amount of redemption, apart from the general improvement of State finance, merely because of an increase in the loan issue.

In the next fiscal year, as above stated, the amount of redemption is only Yen 34,000,000, the larger portion being for foreign and earthquake issues. The redemption of ordinary domestic issues is in fact in a state of temporary suspension. This is in consonance with the view that for emergency finance the provision of the sinking fund should be deleted. From a practical point of view too, in order to provide for the sinking fund, the Treasury must seek the resources in new loans. That means a new issue for repayment of an old one.

The Japanese Finance authorities hold the view that the sinking fund should be re-established only when an adequate improvement is seen in State finance, with a balance restored between revenue and expenditure.

President-Elect Roosevelt's Chief Problem: Government Extravagance

One of the principal problems that confronts President-elect Roosevelt is the fact that (as estimated by Speaker Garner) government expenses are falling behind revenues $100,000,000 a month, or $2,300 a minute. Within the year $7,000,000,000 in government securities came due. This is more than half the amount of the European war debt. The report of the President's committee on social trends, just issued, declares the tax bill of the Federal, state and local governments in 1930 was 15 per cent. of the income of the people. Mr. Roosevelt has estimated that the national income would be about $45,000,000,000 and the total cost of government about $15,000,000,000 or one-third of the entire income. This would mean that the taxpayer would theoretically work four months a year to support the government. Such estimates, though varying, all point to one central fact. The national income has shrunk possibly by one-third. Private business has resorted to every conceivable means of economising. At least 10,000,000 persons are out of work and millions of others are barely existing on part-time employment, but the government has so far shown no signs of economy.

"Spending" to Prosperity

Some indication that the American people were heeding the advice of economists and attempting to "spend" the nation back to prosperity was contained in a Government report issued at Washington Feb. 10 showing that bank clearings had made their first definite gain in more than 31 months. The clearings showed a gain of nine per cent. over the corresponding period of 1931. Several banking economists, headed by Paul Mazur, have been campaigning for an increase in spending, even reckless spending, to get the wheels of business, and industry started.

How Anti-American Sentiment Is Fostered in Japan

BY JOHN FAIRSWORTH

A HIGHLY chauvinistic and propagandive press, apparently often inspired by a military machine bent on diverting public scrutiny from the disastrous economic results of its campaigns in China, bitter resentment and misunderstanding of the Stimson policy *vis-a-vis* the Manchurian conflict, and widespread suspicion of recent American army and navy maneuvers, are factors which combine to create an intense popular disfavor under which America and the Americans at present suffer in Japan.

The degree of anti-Americanism in Japan now is perhaps little realized by Americans at home. It is not fully appreciated even in China. It is not known by most Americans' resident in the East elsewhere than Japan that millions of Japanese now regard war with America as inevitable. The press and other agencies of propagandive force have succeeded in establishing a real war psychology in Japan, with America as victim—or rather, with Japan as victim of American "interference" with Japanese rights.

Indications of anti-Americanism are perhaps not evident to the tourist who quickly passes through the country, but to the traveller who stays, talks with Japanese and foreigners, and reflects, the hostility is apparent. A steady stream of bitterly resentful comment is directed in the press against American Far Eastern policy; American motion pictures and American books are rigorously censored, American business men are subjected to close surveillance. A recent instance of the latter was the difficulty of a large American banking institution, whose branch managers in Japan were interrupted in the act of taking photographs of public buildings. It was claimed by the Japanese military that this was an act of espionage, and serious charges were made against the unfortunate financiers.

Col. Stimson's Notes Misunderstood

Col. Stimson's notes to Japan have been widely misunderstood, and his letter to Senator Borah and speech before American business men in New York are considered "gratuitous affronts" to Japanese dignity. The ethical stand which Col. Stimson strove to make clear is completely unappreciated in Japan. Most Japanese appear to think that Col. Stimson's notes and other statements contained a thinly veiled threat that America would "take action" against Japan unless the military campaign in China were halted.

Col. Stimson's policy of "non-recognition" of territories changed in political status by the use of force is considered a direct challenge to Japanese prestige. And since Japan recognized "Manchukuo" (the new Japan-made state carved from once Chinese Manchuria), Japanese believe that the American "challenge" has been effectively answered. It is thought now that it is America's next move. A diligent watch is being kept for indications of that expected action.

European countries do not appear to have suffered much in Japanese esteem in comparison with America. The writer is impressed with the friendliness generally exhibited for Great Britain, which nation's foreign office has skilfully avoided making a single outspoken and unequivocal comment on Japanese activity since September, 1931, when trouble first began at Mukden. France is of course regarded with warm affection, and the German and Italian attitudes are considered "favorable" to Japan by the masses. Even Soviet Russia apparently is in better favor than the U.S.

Perhaps the Japanese press has done most to foster the popular animus against America. How much of the material it presents as news to its readers originates through the War Office is difficult to say, but articles written by various officers of the General Staff, the tenor of which is anti-American, are almost constantly appearing. General Araki, minister of war, for instance, is contributor of many articles that directly or indirectly stir animosity against America, and warn of possible conflict in the future.

Japanese correspondents in China often reflect in their dispatches an enigmatic anti-Americanism. During the writer's stay in Tokyo much excitement was caused by a report from Peking by a Japanese correspondent that "an anti-Japanese American" in China had furnished arms and support to some would-be Chinese assassins arrested in Mukden and charged with plotting to kill General Muto, Japanese "ambassador" to Manchukuo. The report subsequently was proved to be unfounded, but the Japanese press published no correction.

Americans Held Accountable for Misfortunes

Americans in China are held accountable for various misfortunes suffered by the Japanese, and the Japanese correspondents in that country appear to be in the habit of hanging on to them any rumor of evil against Dai Nihon. The most astonishing recent example of this was a dispatch from Nanking which appeared in the English-language edition of the Japanese *Osaka Mainichi*. It stated that the Nanking Government had decided to assume the offensive against Japanese troops in Manchuria, and had cabled Marshal Chang Hsueh-liang of Peiping to prepare. This was followed by:

"It is learned from authentic quarters that this sudden change of the attitude shown by the National Government has resulted from the fact that an understanding has been reached between China and the United States that the latter should intervene in case Japan assumed the offensive in Jehol." Jehol is a part of Manchuria near the Great Wall which has not yet been occupied by Japanese troops.

Such rumors, which are published without qualification, and never later corrected, are frequent. The cumulative effect of reports like that is tremendous and unfortunate for the Americans resident in Japan. Last year, when the Japanese fascist movement was potent and assassinations were frequent, the government thought it necessary to provide armed guards for American officials and for certain American institutions. "Bodyguards"—some believe they are perhaps spies—are now stationed outside the Embassy in Tokyo and they protect the Ambassador and his staff.

Much capital has been made by the propagandists of the fact that the entire American fleet has been concentrated in Pacific waters throughout the winter. Also considered vastly significant is the recent recommendation to Congress by Gen. Douglas MacArthur, chief-of-staff of the U.S. Army, that the strength of the standing army be increased from 118,000 to 165,000 men. To Japanese bellophils these are sure signs that America is preparing to inaugurate the war with Japan which they have so long been led to expect.

In earnest conversation with any intelligent Japanese the average American would probably be astonished to learn how many greivances Japan holds against the United States. These begin with early American "interference" in Manchuria following the Russo-Japanese war, 1904-5, and end with the current superstition that Wall Street is to blame for the startling drop in yen currency from a value of U.S. $0.48 a little over a year ago to its present worth of $0.21. Other offenses against Japan include America's exclusion of Japanese immigrants; America's responsibility for forcing Japanese troops to evacuate Siberia in 1921, to evacuate Shantung in China after the World War, to abandon the Anglo-Japanese Alliance, to sign the Nine-Power Treaty which guarantees international respect for China's territorial sovereignty, to sign the Kellogg Anti-War Pact, etc.

Tokyo, February 9, 1933.

Japanese Yangtsze River Line Will Break Up Eight Steamers

Because of the unfavorable business conditions with no hope for an early revival on account of the continued anti-Japanese movement, the Nisshin Kisen Kaisha, which is one of the oldest river steamship companies in China, has decided to break up eight of its river steamers out of the total of 16 which are being tied up at Shanghai and other ports along the Yangtsze River. Those river steamers that are to be broken up are the *Yoyang Maru*, *Tafu Maru*, *Hsiang-Kiang Maru*, *Talee Mura*, *Tachi Maru*, *Tachang Maru*, and *Wuchow Maru*, all of which are over 25 years of age.

"To Save China Through the Building Up of a Strong Air Force"

BY PAUL K. WHANG (汪仲芳)

BOTH China and Japan are in an aviation mania. The former has cherished an ambiton to build up an air force which she did not possess at the present time; while the latter has had a dream of expanding her present air force so as to become the strongest and biggest in the world. Both have an objective to attain: One for the purpose of self-defense, and the other for world conquest.

In Japan, the problem of air defense has aroused much concern among the government officials and the people. It has been reported that since the Manchurian embroglio the Japanese people have already donated more than sixty fighting airplanes to their army. In the present budget, the Japanese government has set aside appropriations for a juvenile air corps with the idea of instilling an interest in matters pertaining to aviation in the minds of the youth of the country. Some of the government officials have even regarded the establishment of a Ministry of Aviation as a necessity.

The importance of air defense has been fully realized by the Chinese people only after the Shanghai "War" at the beginning of last year, in which the Japanese bombers played a very prominent part in the work of devastation. This realization has very much inspired the Chinese people with a determination to build up an adequate air force to cope with this new menace from the air. Thus right after the liquidation of the Shanghai affair, a movement has been started among the Chinese people in China and abroad to raise a fund for purchasing fighting airplanes.

The Shanghai people with their bitter experience still fresh in their memory have been especially enthusiastic in pushing along this movement. On New Year's Day of this year, a China Aviation National Salvation Association was formally inaugurated, and since then vigorous campaigning has been conducted by the local public bodies and the Chinese press to raise a "National Airplane Purchasing Fund." As a result, the public enthusiasm has heen aroused to a high pitch, and "to save China through the building up of a strong air force" has become the most popular slogan of the day.

The local school boys have led the movement by proclaiming that they will save their candy money to donate one fighting airplane to their government. Inspired by this noble example, the sing-song girls and even the beggars have been mentioned as generous contributors to the "National Airplane Purchasing Fund."

Overseas Chinese Help

As usual, the Chinese overseas have examplified their loyalty to their country by supporting this movement with generous contributions. South Seas Chinese, as reported, have already contributed ten fighting airplanes to the Chinese government. Donations from Chinese in other countries are also expected to come in due course of time.

In addition to public and private campaigns which have been organized to raise funds to purchase fighting airplanes for national defense purposes, the Chinese government has now launched a campaign among all government offices for contributions to strengthen air defense. A circular order has been issued to all government offices, including political and military offices, Kuomintang offices and police staff headquarters throughout the nation instructing them to contribute a percentage of their salaries toward a "National Airplane Purchasing Fund." According to the government order, from the beginning of February for a period of six months all government employees must contribute a percentage of salaries for buying aircraft in accordance with the following schedule:

30 cents monthly for those receiving salaries of under $30.00.

60 cents monthly for those whose salaries are under $50.00.

Three per cent of the salaries of those receiving under $100.00.

Six per cent for those with salaries under $200.00.

Eight per cent for those paid under $300.00.

Ten per cent on the salaries of those who are paid over $300.00.

This compulsory feature of the government campaign may be a cause of complaint among the government officials, but if the money thus raised can be strictly used for this assigned purpose, there is really no reason to raise a hue and cry against this compulsory contribution, especially in consideration of the fact that contributions on a similar basis have been spontaneously made by the employees of many private commercial houses. However, it is hoped that many of our government officials who in the past have amassed a great personal fortune by virtue of their official positions should make a greater contribution than the schedule fixed by the government.

The cynics may doubt the wisdom of this belated attempt of the Chinese government and people to launch such a nation-wide aviation movement at the present time, inasmuch as it takes years, if not decades, to build up a strong air force. It is true that China can not expect to build up a strong air force to serve her immediate requirements, but in view of the Japanese determined stand to carry out their continental policy, it is important that China should prepare herself for future emergencies.

In a country such as China where commercial aviation is yet in its infancy, the development of an air force for self-defense is, it must be admitted, not an easy task. We may have enough money to buy as many airplanes as our finance permits, but how will these airplanes do us any good, if we have not modern airdromes to accommodate them and experienced pilots to handle them? It may not take long to have our airdromes constructed, but it will certainly take some time to train up a class of experienced airmen. As a matter of fact, the strength of an air force depends not only upon the number of airplanes, but also upon the skill of their pilots. Therefore before we can develop an air force, we must establish aviation schools to train up as many men as possible so that we shall not be faced with a shortage of pilots in case of emergency.

Moreover, we should not continue to depend for our airplanes on foreign countries, and we must build our own factories to manufacture our own planes. In view of the vast possibility of aviation in China either for commercial or for military purposes, it is altogether a paying business proposition to build our own aviation factories, no matter how much their initial investment will be.

Safeguards for the Public

With these considerations in view, it is appropriate for us to suggest that we should immediately map out an extensive aviation development program, which should consist of: Purchase of new airplanes, construction of airdromes, opening of aviation schools, and establishment of aviation factories. This program should be accomplished in, say, five years from the date of commencement.

Besides a definite program, there are two safeguards which the public has expected from the government so as to give their continuous support to this movement. First, the funds raised by the government should be strictly guarded against misappropriation for other unworthy political purposes. Because of their past experience, the people have reasons to suspect whether the money thus raised will be wholly devoted to the assigned purpose.

Secondly, the government must assure the public that the airplanes thus purchased will not participate in the civil wars. The people who have already suffered much from domestic strife can not help hesitating to support the present movement, because they are afraid the planes thus contributed may be utilized by different military leaders as weapons to fight each other.

In this connection, it may be of interest to mention that during the Sino-Japanese hostilities in Shanghai, Chinese airplanes were conspicuous by their absence, but a few months later in the fighting between Gen. Chen Chi-tang and Admiral Chen Chak in Canton, the Cantonese air fleet played a very active part in the sinking of a warship and in the destruction of properties in Hainan Island. Therefore it is perfectly logical that the public should seek some assurance from the government against the recurrence of such tragic cases.

With the formulation of a definite program and the assurance of the government against the misappropriation of the funds and the use of airplanes in civil wars, there is reason why the present aviation movement will not be crowned with successful results. As a neighbor of a very aggresive country which is not yet satisfied with her present formidable air force, we must by all means develop a modern air force which will be adequate enough to defend our territory. We have no wide dream to cherish, and we are from being in a position to engage in an aviation race with our neighbor. Our objective is legitimate and reasonable, namely, to strengthen our defense so that we can maintain our national existence in this very imperialistic world.

Shanghai, Feb. 13, 1933.

Japan Drifting Toward Inevitable Financial and Economic Collapse

(The following articles dealing with financial and economic conditions in Japan appeared in "The Manchester Guardian" on Jan. 13 and 14. They are of special interest at the present time, due to the debates in the Imperial Diet dealing with military expenditure, taxation and the financial situation).

JAPAN went off the gold standard in December, 1931, and since then the yen has depreciated heavily. It is now nearly 60 per cent below par, its par value being 49 American cents and its present exchange value about 20 cents. The public finances were relatively in a good position in September, 1931, but the increased military expenditure due to the Manchurian adventure and subsidies for the relief of distress led to an unbalanced Budget. B ythe end of last July the deficit amounted to Budget. By the end of last July the deficit amount to 59,500,000 yen. Loans were raised directly and also indirectly by the utilisation of postal savings accounts held by the Treasury Deposit Bureau. Between July and September the amount of Government domestic bonds sold increased by 8,000,000 yen and Treasury bills increased by 58,000,000 yen.

From the end of September, 1931, to August, 1932, Government domestic loans increased by more than 460,000,000 yen, but there was a temporary drop last September. The Government also obtained through the Treasury Deposit Bureau most of the increase in the postal savings accounts, which amounted between September, 1931, and July, 1932, to more than 300,000,000 yen. By last June, however, these were no longer adequate, and in June or July the Government resorted to indirect inflation by issuing Treasury Bonds, which were taken up by the Bank of Japan and the Treasury Deposits Bureau. The Government has now been forced to resort to direct inflation by means of bank advances. Postal saving deposits, which had risen steadily from 2,547,000,000 yen in June, 1931, to 2,902,000,000 yen in July, 1932, began to decline in August, 1932, in consequence of a reduction in the rate of interest, one of the objects of which was probably to encourage public subscriptions to bond issues. At the same time, however, the deposits in ordinary savings banks, which had been falling from June, 1931, to June, 1932, began to increase. If this process of transferring savings from the Post Office to private savings banks continues the Government may be seriously embarrassed. In any case the drying-up of this source of funds forces the Government directly to the Bank of Japan.

Inflation Necessitated by Military Expenditure

The fact of inflation is admitted both officially and in the press. The real cause of inflation was the enormous military expenditure, but it is defended by a large section of opinion on economic and social grounds, and there is strong popular support for inflationist policies. The aim is a controlled inflation, and the example of France in 1923-8 is held up as a model to be followed. The Government appears to be confident that it will be able to restrict the inflation to a limited period and to peg the yen, when the emergency is past, and prevent the inflation from getting out of hand. The measures of control suggested are—

1. The Budget must be balanced by heavier taxation and drastic economy.

2. The balance of external payments must be righted by increasing exports, visible and invisible, and decreasing imports.

The position of Japan, however, is much weaker than that of France was, and the question is whether in practice Japan will follow the example of France or that of Germany. France is a wealthy country with enormous and varied natural resources, which make it possible for her to be almost self-dependent. Japan is a very poor country with very small natural resources. The only drastic economy that would immediately relieve the Japan Budget would be the suppression of military expenditure, which is more than half the national expenditure. The estimated expenditure for 1933-4 is 2,235,000,000 yen, of which 662,000,000 are for the army and 472,000,000 for the navy. The estimated revenue is only 1,330,000,000 yen, leaving a deficit of 905,000,000. To this amount must be added certain repayments which make the total of new loans required approximately 1,000,000,000 yen (about £61,000,000). It is proposed to raise as much as possible by public subscription, and the Bank of Japan will provide the balance, which is likely to be very large, as the Treasury Deposits Bureau is fully loaned up to the Government and the commercial banks are not in a strong position. How far increased taxation is possible depends on the reserve taxable capacity of the mass of the people, which is probably not large.

In extremity some relief might be obtained by default or suspension of the service of the external debt, but Japan has never yet defaulted. The external debt, which was estimated at 2,195,000,000 yen on June 30, 1932, is nearly all held in terms of foreign currency, in which the interest has to be paid. The annual interest payable was estimated at $26,225,672, £3,776,259, Fr.20,454,966, and 254,066 yen. At the November rates of exchange, the annual interest payments amounted to 240,791,000 yen, about double the par value. This is a heavy strain on the Budget, and there is reason to expect a further fall in the exchange value of the yen, which is very weak in anticipation of further inflation. The more the yen falls, the more the interest payments on the external debt will increase in terms of Japanese currency.

Imports and Exports

The policy of increasing exports and decreasing imports is even more difficult in Japan than in most countries. Between 55 and 60 per cent of the total value of Japanese imports represents raw materials essential to industry, in which Japan is extremely poor. The most important raw materials are raw cotton (25 per cent of the total import value), wool (5 per cent), oilcake, wood, coal, and ammonium sulphate. Equally essential foodstuffs (meat, wheat, rice and paddy, beans and sugar) account for about 13 per cent of the total import value, and manufactured and semi-manufactured goods for about 15 per cent each. Machinery and vehicles represent nearly half the value of the manufactured goods (7 per cent of the total import value), in which mineral oils are reckoned. Semi-manufactured goods include pulp, raw iron, and base metals. The importation of luxury goods or of manufactured articles that can be dispensed with or made in Japan is extremely small. It would thus be very difficult to reduce imports.

On the other hand, about 90 per cent of Japanese exports are manufactured and semi-manufactured goods, raw silk, which represents about one- third of the total exports, being reckoned in the latter category. The chief wholly manufactured goods exported are cotton and silk tissues, which in 1931 represented one-fourth of the total exports. Raw silk tissues and other textile products together amount to more than two-thirds of the total exports. Any effort to increase exports necessarily involves in present circumstances an expansion of the manufacturing industries, which has already been taking place, helped by the depreciation of the yen and apparently also by price-cutting in export markets. But that in its turn involves an increase in the imports of raw materials on which the manufacturing industries are to a great extent dependent, and in fact Japanese imports have increased this year in terms of Japanese currency more than exports. This is partly because imports have to be paid for in foreign currencies, but not entirely, for the volume of the imports of raw cotton rose from 377,000 metric tons in the first six months of 1931 to 560,100 metric tons in the corresponding period of 1932.

The possibility of controlling the yen by decreasing imports and increasing exports is, therefore very small. It is a vicious circle. This makes further inflation almost certain. How far it will go depends on the ability of the Government to get loans subscribed either by individuals or by the banks. Inspection of the resources of the commercial banks suggests that there is still some margin for loans, and the Japanese are capable of making great sacrifices for the sake of conquests and im-

perialist expansion. Nevertheless it is probable that both the budgetary situation and the external balance will become worse in the next few months and it is hardly possible that Japan can continue the present military expenditure without financial help from abroad.

Since about last July there have been unmistakable signs of inflation, such as rising prices, marked discrepancies between the movements of different sorts of prices, a further heavy fall in the exchange value of the yen, and a substantial rise in the cost of living. The general index of wholesale prices has risen more than 15 per cent in the last three months and retail prices have risen 6 per cent. The Bank of Japan's cost-of-living index increased 7½ per cent between July and October. Wages do not appear to have risen, but no recent statistics are available. There would no doubt have been a greater increase in the cost of living but for the heavy fall in the price of rice since March, 1932, due to a record rice harvest. Whereas the price of rice dropped 20 per cent between February and October, wheat rose 35 per cent, cotton yarn 55 per cent, steel more than 50 per cent. Raw silk rose 91 per cent from the lowest point in June to October, partly because of a fall in the silk cocoon harvest. The number of unemployed registered increased from 439,000 in October, 1931, to 482,000 in June, 1932, the last figure available, but it may have diminished since, as inflation has given the usual temporary and deceptive stimulus to production and trade in the last few months.

Last September the production of cotton yarn was 3.1 per cent higher than in October, 1931, that of cotton tissues 7.9 per cent higher, and that of silk tissues (including artificial silk) 31.2 per cent higher; but the increase in total industrial production (12 principal commodities) was only about 2½ per cent, as there was a fall in the production of some other commodities. The fall in the price of rice has seriously affected the farmers, who were already heavily indebted, and in September the Japanese Parliament voted an annual subsidy of approximately 300,000,000 yen, of which, however, only a third will go to the peasants, the rest being destined to relieve the central and local mortgage banks of frozen loans. The local mortgage banks in particular are in a very unstable position and the condition of the private commercial banks is strained. Both deposits and advances, and, among the latter, investments in particular, have continued to decline since September, 1931. There was some relief from this tension in the first half of 1932 after the abandonment of the gold standard, and cash ratios to liabilities are still satisfactory.

The Trade Balance

In the first nine months of 1932 the total value of Japanese imports (including Chosen, Taiwan, and Nanyo) was in round figures 1,054,000,000 yen and that of exports 938,000,000. The increase, as compared with the corresponding period of 1931, was 89,000,000 in the value of the imports and 49,000,000 in that of the exports, so that the visible adverse trade balance increased from 76,000,000 to 116,000,000. These increases, however, were fictitious and resulted from the depreciation of the yen. In gold value the imports fell from $512,000,000 in the first nine months of 1931 to $339,000,000 in the corresponding period of 1932, and the exports from $454,000,000 to $292,000,000, so that the visible adverse trade balance fell from $58,000,000 to $47,000,000. There was a great increase in the volume of the exports of cotton tissues, which nearly doubled in the course of 1932, but the average export price of cotton tissues in gold value, which was $106 (230 yen) a thousand yards in 1929, fell last September to $35 (147 yen). This reduction of two-thirds shows that the fall in price is partly a result of Japanese price competition, for when the yen depreciated heavily the gold price of Japanese cotton goods fell more than that of other countries. The reduction in the gold export price of cotton price-goods from the United Kingdom in the same period was less than 50 per cent.

It is extremely difficult to get up-to-date figures concerning the balance of payments, visible and invisible, but there is grave reason to fear that it will before long be unfavorable. The price of Japanese bonds on foreign markets, which have been weakening for some months, is an indication of this fear. It is probable that there will be some fairly substantial improvement of the visible trade balance in the last quarter of 1932. The first stages of inflation may encourage exports more than imports, and it is normal for Japan to have a favorable visible balance in the last half of the year.

Adverse Factors

Against this possibility, however, there are several adverse factors to be set—namely, increased interest payments in terms of yen on debt held in foreign currencies, which must be a serious strain on the balance of payments; diminished receipts from Japanese investments in Manchuria and other parts of China; lower returns from shipping and from tourist expenditure; heavy military and diplomatic expenses outside Japan; diminished foreign borrowing both of short and long term capital, together with continued investment in Manchuria; a very small gold reserve from which further shipments can be made only with great difficulty. The gold reserve of the Bank of Japan, which was 831,000,000 yen at the end of January, 1931, and 817,000,000 at the end of September in the same year, has fallen heavily since the latter date, and at the end of last November was only 428,000,000 yen.

Moreover, the expansion of the manufacturing industries, which must continue if exports are to be increased, has limits. The advantage from currency depreciation gained by larger yen sales in relation to costs is obviously limited by the fact that imported raw material must be paid for in depreciated yen. The only net advantage gained, therefore, apart from the time-lag when the yen depreciates further after imports have been bought, lies in the disparity between domestic production costs (such as interest and wages) and increasing receipts in terms of yen. This will last until an increasing cost of living forces wages up.

Much has been made recently in certain quarters of an alleged discovery of two new goldfields in Japan. They are, in fact, alluvial fields, the existence of which has been known for some time, and they are unlikely to contribute much to the improvement of the Japanese financial situation. The facts that have been given about financial and economic conditions in Japan suggest that she is hardly in a position to hold out against the rest of the world, and that the excuse made for the unwillingness of the European Great Powers to take action in the matter of Manchuria is not valid.

Korean Representative Makes Plea at Geneva

Speaking on behalf of what he termed "23,000 000 of suffering and protesting Koreans," Syngman Rhee, who uses the title of "President of the Provisional Government of the Korean Republic," at present in Geneva, has written to Sir Eric Drummond, secretary-general of the League of Nations declaring that no solution of the Sino-Japanese dispute which ignores the Korean problem can be lasting and permanent. Appended to Mr. Rhee's letters were quotations from the Lytton Report with the object of showing that the problems of Manchuria and Korea are inextricably interwoven.

Hawaiian Koreans Appeal to China to Support Independence Movement

The Korean National Association of Hawaai, of which Duk Yin Shon is president, recently sent a petition to Lin-Sen, President of the Republic of China, stressing the fact that Chinese and Koreans are of the same race and civilization, and are bound to stand and fall together. The petition emphasized also that there is a genuine friendly feeling between China and Korea. The petition further mentioned that the people and the country of Korea are being exploited for the sole benefit of Japan. A strong plea is made to China to support the Korean independence movement.

Shanghai Chinese Foreign Municipality to Make New Regulations for Doctors

According to the Chinese newspapers the Public Health Bureau of the Municipality of Greater Shanghai has promulgated regulations governing the registration of foreign doctors. The regulations provide that a foreign medical practitioner possessing the necessary qualification i.e., that he has practiced for over five years in a recognized hospital, may request the Bureau to give him a certificate to practice. When applying for such certificates, the regulations are said to state, a hospital certificate should accompany the application, together with documents proving that medical practice was commenced before 1929. The latter documents are of several different types and are defined in the new regulations.

A Japanese Plea to Renew Alliance with Britain

BY HIRATA SHENSAKU

(in the "Bungei Shunyu," translated by "Japan Chronicle")

AS an alliance with Britain was absolutely essential for Japan's tactical purposes against Russia about 1900, so the situation in the Far East now in 1933 demands the formation of a new military alliance between Japan and Britain. Japan has now four hypothetical enemies—the Soviet Red army and the Chinese force for the army and the American and British fleets for the navy. Some extremists here are of the opinion that Japan is fated to fight the Soviet and Chinese forces on the north-western front and the combined American and British fleets in south-eastern waters, but this is a dangerous idea. Even in the campaign against banditry, was not the march on Hulumbair made a separate job from the attack on Shanhaikwan? It would simply be madness to start military operations simultaneously against some of the strongest forces in the world. Indeed, this nation has now a strange glint in its eyes and is behaving as if it would down anything and everything that dared to touch it, so that other peoples are keeping aloof of it for fear of bloodshed, but it will be a mistake to take everybody for a weakling on that account. How will it be, should Soviet Russia seriously show fight? Her Eastern force alone will give much trouble—to our Kwantung army—perhaps more trouble than the 19th Route Army did to our forces in Shanghai, but it may jeopardise the destinies of the country should the 72 divisions of the entire Soviet federation take the field, A Japanese staff officer is said to have boasted that three divisions on the line of the Khingan Mountains will suffice to block the whole Russian army out of Manchuria, but this is evidently a story just as much as the reported assertion by a Japanese colonel at Geneva that the time has come for Japan to fight the world! But it is not merely the Soviet army that is undervalued by some Japanese extremists. The same is done with the American navy. The latter will be somewhat inadequate for waging war with Japan across the Pacific, but what will be the issue should the fighting and reconnoitring fleets of the United States venture to cross the ocean? The 15 battleships and 10 big cruisers will assume an attitude overwhelming to the combined fleets under Kobayashi and Suetsugu. Nor is it unimaginable that the American group of seaplane tenders, of which the *Saratoga* and the *Lexington* are the mainstay, will attempt an assault upon Tokyo.

What if these two great enemies should take action against Japan simultaneously? War is a serious matter. Chinese soldiers who are little better than bandits cannot be spoken of in the same breath with great enmies armed with modern methods of warfare and weapons. It will be when Japan is face to face with the Soviet army or the navy of the United States that she will really know what a very hard fight means, for Japan cannot face the Russian army and the American navy at the same time, The fight will be all the harder should Britain join the war against Japan. Have we sufficient force, supplies, and so on, to face the three enemies simultaneously? No doubt, some valiant young officers will say yes, but I doubt whether there will be any staff officer who will not turn deadly pale at the idea. In this light the technical prestige of Britain in the Far East has enhanced compared with the days of the Russo-Japanese War. It is said that Britain has grown weaker. Certainly her naval power has grown weaker, but the fact remains that the casting vote in Far Eastern warfare is still in her hands.

The Weakness of the British Position

But it is not merely for Japan that the alliance I speak of is desirable. It is equally desirable for Britain also. If the British navy has grown weaker, it is primarily so with reference to the Japanese navy. Lieutenant-Commander Tinker of the American navy has remarked that it is impossible for the British to fight the Japanese navy in Far Eastern waters. It must be a difficult fight for Britain even though she has an almost perfect tactical chain of forts and naval bases all the way from Gibraltar to Singapore and commands a huge supplying organisation and the largest mercantile fleet of any in the world. This remark of the Lieutenant-Commander represents the sentiment of the Operations Department of the American navy. The French naval authorities appear to have a poorer opinion still of Britain's naval position. Referring to the Singapore base, Admrial Delage said in the summer of 1931 that people were apt to dwell on the aggressive value of Singapore. But what was its defensive value? Should a Japanese fleet press near the fort and land a strong military force on the Malay Peninsula, would the British commander be able to make its defence good? The Japanese had succeeded in taking Port Arthur with its 500 guns, and would it be possible for Singapore, whose land defence was weak, to resist the furious onset of Japanese troops even with its 40,000 troops and strong air force? It is significant to note that no British officer or military critic dared to say anything against the Frenchman's view sketched above. On the contrary, they are all fully conscious of the weakness of the British position. Mr. Churchill, the leader of the naval party, and Admiral Beatty, the head of the Battle of Jutland, have both expressed the view that it is virtually hopeless to conduct a campaign in the Far East. According to Admiral Beatty, the carrying-on of a campaign against Japan would mean the relinquishment of the sea power in the Mediterrenean and the Atlantic, for after the dispatch of the main force to Singapore the home fleet will degenerate into a navy of third class cruisers, with the British commercial line exposed to the menacing gaze of the French navy. As a matter of fact, Britain has never put her main fighting force into the outer oceans since she made herself supreme in European waters. Why on earth should she expose her fleet to gun-fire in the Far East at this hour of the day? An Anglo-Japanese alliance will turn the tables completely. An inferior fleet stationed in the Pacific and the Indian Ocean will suffice to protect 70 per cent. of British territory, for in those waters there is no nation capable of fighting Britain at sea except Japan. Australia and New Zealand will be relieved of the nightmare of foreign invasion. The alliance will also prove a chck on revolution in India, although we are sorry for the Indian on this account. The British navy knows well how reliable the Japanese are are as an ally. Even the anti-British Admiral Kato Kanji was, as Commander of the *Kurama*, the most faithful guard for the Australian troops. Does not Britain desire to have so strong an ally? Yes, a section of British naval officers are anxious to have the alliance renewed, because they know that it is only by having the Japanese navy as an ally that Britain can maintain her mastery on the Atlantic.

A Foolish Disposition of Force

While the American Asiatc fleet is obviously intended as a fleet for diverting tactics, whose total loss is pre-supposed, it is hard to understand what is the tactical object of Britain's China fleet. This is the greater pity as it is not a "rotten" fleet like the American Asiatic fleet, but is made up of the *Cornwall* and six other big cruisers of a new type, some of the most powerful destroyers and submarines in the British navy, and so on. But it does not nclude a single battleship calculated to cover them, despitei the fact that within 1,500 miles of their base there roams a Japanese fleet of 10 battleships and 12 major cruisers. In order to look this formidable fleet in the face, it will be necessary for Britain to send out at least all the battleships of the *Queen Elizabeth* type and three battle-cruisers. Moreover, the disposition of the British fleet, under which a number of new ships would be sent out to the Far East, would create a serious gap in its position in the Mediterranean and the Atlantic, the home fleet suffering from a shortage in cruisers, while the Far Eastern fleet, comprising as it does many new cruisers, would be impotent against the Japaness navy, because it includes not a single battleship, as alredy mentioned. For keeping guard over Hongkong and Shanghai, the fleet is much too small, and it is too pitiable for fighting Japan. Can there be a more silly disposition of force?

An Incident Involving American Officer Near Nippon Legation

(Shih Wen News Agency telegram from Peiping, Feb. 2)

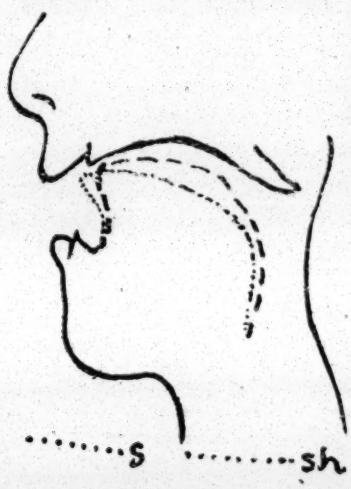
While an officer of the American Legation Guard was passing in front of the Japanese barracks Feb. 1 the Japanese sentinel on duty raised his bayoneted rifle and proceeded to order the American to stop, his bayonet being only a few inches from the American's chest, Being unacquainted with the Japanese language and convinced that the Japanese had no right to prevent him from using the road in front of the barracks the Ameriean pushed aside the bayonet of the Japanese and walked on. But when he was about ten steps from the spot he heard the Japanese sentinel loading his rifle. The American officer returned to his legation and made a report of the incident so that the matter could be taken up with the Japanese authorities.

Sibilants in the Chinese Speech

BY E. L. PAN

FOREIGNERS (or Chinese who speak southern dialects) seem to experience serious difficulties trying to pronounce the various shades of "s" and their derivatives in the Peiping (Peking) Mandarin. Many have given it up as a mystery which cannot be solved, others are satisfied with what they think is accurate enough to be understood. Will it be any encouragement to these people to know that the difficulties are really not as great as they seem or are reported to be—at least far from being insurmountable or mysterious—and that the current conception of the dubiety of these sounds has been due almost as much to the traditional ways of their transliteration, or "Romanization," as to their intrinsic difficulty?

Before surveying the ways in which these sounds are rendered, let us first of all review the ways in which corresponding, or similar, sounds are pronounced in English. By forcing the breath out through the narrow opening between the tip of the tongue and the gums, we pronounce the sounds "s" (as in *sea*) and "sh" (as in *she*), which two sounds are called "siblants" by reason of their hissing quality. Corresponding to these are the voiced sibilants "z" (as in *buzz*) and "zh" (as in *usual*). For "s" and "z" the tip of the tongue is stretched forward, while for "sh" and "zh" it is placed in a slightly higher and inner position, as show in the accompanying diagram. These sibilants are said to be diphthongized when they occur in immediate sequence of the plosive consonants "t" and "d," resulting in "ts" (as in *rats*), "dz" (as in *raids*), "ch," which is composed of "t" and "sh," (as in *church*), and "j," which is composed of "d" and "zh," (as in *judge*). Theaccompanying diagram may help establish the mutual relations between these several sounds.



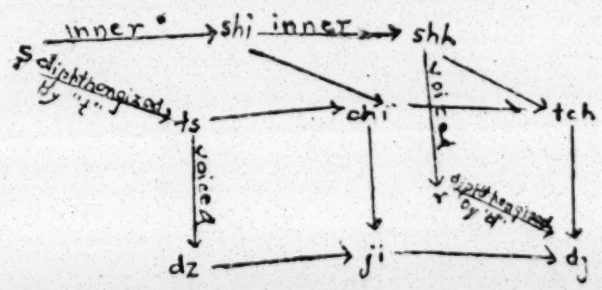
Now, let us turn to the Chinese sibilants. We have usually understood that corresponding generally to the English "s" and "sh" are also two degrees of breathed sibilants in the Chinese speech, (i. e. the Northern of Peiping Mandarin,)—which two sounds have been traditionally given the spelling of "s" and "sh". But, while the plain "s" in Chinese, which, by the way, occurs in only a very limited number of words, is very similar to its counterpart in English, the so-spelled "sh" in Chinese is in a slightly lower and a very much inner position than the "sh" sound as heard in *she, shall, show,* etc. In fact, it is so far back that it loses the shrill quality of the English "sh" but contains some trace of "r" in its composition. Thus the word for *mountain* 山 as in *Mokanshan, Taishan,* etc. is not pronounced like a broad *shan't* with the "t" bitten off, but more like a *San* with the "s" somewhat "rolled". This sound we shall arbitrarily spell as "shh" until some genius can enlighten us with a more suggestive representation.

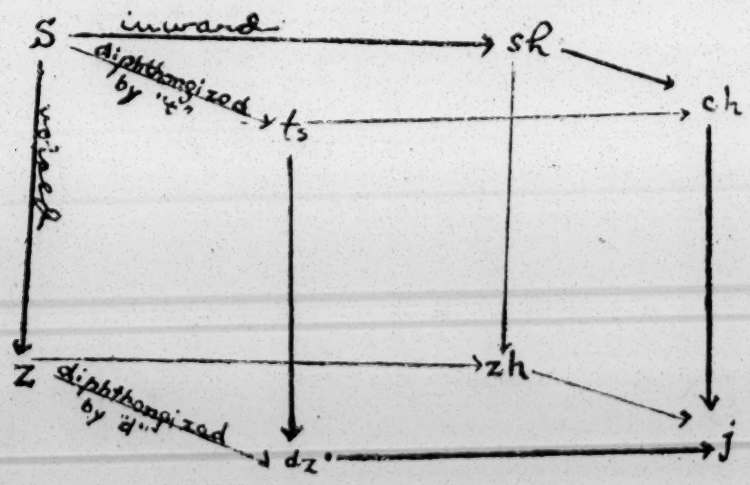
Just about half way between "s" and "sh" is a sound which always occurs in combination with the long "e" or the short "i," or sometimes the French "u," andwhich we shall spell as "shi" (or "shu" when followed by the French "u"), since it is only very slightly more forward than the English "sh." This sound, which used to be designated by that puzzling spelling "hs", is the sound heard in the word for *small* 小 or in many place names like *Kashing, Shaohsing,* etc. The sound tends sometimes to be pronounced as "si" but more generally is like the English word "she" with the tip of the tongue comparatively protruded, resulting in a slightly plainer and more forward sound.

The voiced equivalents of the two sounds "s" and "shi" happily are not heard in Mandarin, although they do occur in diphthongal combinations as will be seen later. A sound, which is almost the corresponding voiced sound of "shh" but in which the "r" element is so prominent as to almost, but not entirely, drown out the "z" element, is a sound which has been variously spelled as "z" and "j" but more often as "r." This is the sound heard in the word for *man* 人.

Now only remains the task of diphthongizing these several sounds and their voiced equivalents. The plain "s" is combined with "t" to form "ts," which, like its component, is found in comparatively few words; and "z" is diphthongized by "d" to from "dz." At the innermost extreme, "shh" is combined with "t" to form a sound which we shall tentatively designate as "tch," and to pronounce which just say "ts" with the "s" slightly "rolled." Similarly, pronounce "dz" with the "z" sightly "rolled" and the result is a voiced diphthong consisting of "d" and the voiced sound equivalent to "shh," which combination we shall spell as "dj." These are the two sounds one comes across very often in personal names and shop signs, generally but, shall we say, misleadingly, spelled as "ch." In fact "ch" has been employed to stand for at least four different sounds with almost no discrimination and therefore with disastrous effects.

Between these two sounds "tch" and "dj, the sound "shi" and its voiced equivalent "zhi" are diphthongized by "t" and "d" respectively into what are very similar to the English "ch" and "j," sounds which we shall designate as "chi" and "ji." If diagrams can help in forming speech habits, we shall indulge in one more before we list below a few familiar words containing the several sounds studied.





For the vowels in the following words the most current way of transliteration has been adopted:

s: 四 (four), su: 蘇 (revive), san: 三 (three), sao: 掃 (sweep), swei: 碎 (smashed), sung: 送 (send), shi: 西 (west), shia: 下 (below), shieh: 寫 (write), shiao: 小 (small), shien: 先 (early), shin: 心 (heart), shiang: 香 (fragrant), shing: 星 (star), shueh: 學 (learn), shh: 十 (ten), shhao: 少 (few), shhou: 手 (hand), shhen: 沈 (a popular surname), shheng: 生 (grow), shhan: 山 (mountain), shhang: 上 (above), shhu: 書 (book), shhwei: 水 (water), r: 日 (sun, day), ren: 人 (man), reh: 熱 (hot), ts: 磁 (porcelain), tsai: 菜 (vegetable), tsao: 草 (grass), chi: 旗 (flag), chin: 琴 (piano), ching: 請 (please), chiao: 橋 (bridge), chiu: 球 (ball), chiang: 槍 (gun), tch: 喫 (eat), tchang: 長 (long), 唱 (sing), tcheng: 成 (accomplish), tchwan: 船 (boat), tchai: 柴 (firewood), dz: 子 (son), 字 (word), dzou: 走 (walk), dzwei: 嘴 (mouth), dzwoh: 左 (left), 坐 (sit), dzao: 早 (morning), ji: 鷄 (chicken), jia: 家 (home), jin: 金 (gold), jing: 京 (capital), jiang: 江 (river), jiao: 叫 (call), dj: 紙 (paper), dju: 主 (lord), djao: 趙 (popular surname), djou: 周 (popular surname), djang: 張 (popular surname), djung: 中 (middle), djwoh: 棹 (table), djan: 站 (station).

Shanghai, Feb. 13, 1933.

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

Philosophy of General Araki, Who Shoulders Japan's Burden

(From the Review's Tokyo Correspondent)
(Translations from various Japanese publications)

IT IS not too much to say that excepting daily newspapers practically every publication in Japan has at least once published within these few months Gen. Araki's pronouncements. This tendency is especially remarkable in the January and February numbers of popular magazines. The following are summarized articles of his writing in several publications.

A Swordsman's Free Discussions

One who has read Mencius may remember a phrase, "There are renowns gained by mere chance; likewise, there is dishonor that follows the utmost efforts." In the worldly praises and censures there are many that hit wide of the mark. The popular saying goes, "The world has as many wise men as foolish ones;" only we must do our very best and resign ourselves manly to the dictates of Providence. Man ought to have a great heart wide enough to fathom the heavens and associate with them.

It was at the time when the Russo-Japanese relations were growing more and more threatenning that a rumor was afloat that mobilization orders were to be issued to the First Battalion of a company of which I was the commander. All belonging to the battalion jumped with joy. Just at this moment I was suddenly addressed by a commander of the Second Battalion, "Halo, Araki. Could'nt you exchange our positions?" The question was given so abruptly that I could have no time to study his real motive in thus addressing me, so with the same nonchalant attitude I answered, "Yes, if the regimental commander agrees." Soon afterwards I learned that the Second Company of the First Battalion of which I was the commander until but a few days before was to be mobilized first. What was my disappointment! But nothing could be done after everything had been arranged. The enviable company started for the front, while I had to be left behind and continue military drill.

However, soon afterwards my regiment was ordered to the front to my great joy. But, as ill-luck would have it, I was appointed the adjutant of the brigade by my Regimental Commander, Lieut.-Colonel Suchi. The appointment was in fact a great shock to me as it came just when I had scarcely succeeded in memorizing the names of the men and had created an atmosphere in the company I had made up my mind to die with. What is worse still, a brigade adjutant is deprived of the privilege to come out to the first battle-line of the front. Besides, it is a pity to think that the men whom I so earnestly trained and who therefore respected me as their father, had to follow a new commander. It is quite the same in my case; the idea of being separated from the faithful men in this way was almost unbearable. The lot of a brigade adjutant is quite miserable in that he has no men to lead, and even when created a staff-officer I would be dissatisfied to think that the job assigned to him is not quite in conformity with the essential spirit of a swordsman. Quite the reverse, a company commander has not less than two hundred men to command and with them he is honored to fling himself into the midst of the pouring bullets and exploding shells and to die together with his subordinates. Commander and his men make a vow to make nothing of dying and to share the same fate on the battle field; it is this very spirit that creates an inseparable tie of spirit among them, which fosters far stronger sentiment of affection than usually seen among family members, and it is this very mutual love that makes the soldier's life worth living.

To the soldier nothing can be compared with the dancing advance into the enemy's position brandishing a sword at the head of his men. He regards it a great honor to die on the battle-field in this way.

The Manchurian Question

To study the Manchurian question only from its occurrence in September, 1931 and its development ever since, is to commit a great blunder. The question has its own long history, for Japan and Manchukuo have long been inseparably connected with each other in the Orient. Taking this fact into consideration in conjunction with the Manchurian question, we cannot but feel the newly developed situation is nothing but a holy revelation from Heaven.

From olden times the Japanese race, with the final object of founding peace in the Orient, has, with utmost perseverance, been grudging no sacrifices at all times, the result of which is the appearance of Manchukuo. The healthful beginning to pave the way toward co-existence and properity in both countries can be traced back to their old historic relations.

Living Politics

While listening to the heated discussions in the Diet I was deeply impressed with the fact that the life of the law is in its way of application; hence the question is the quality of the man who practices it. The politices must have life in it. To protect and promote the people's wellbeing the politics should conform to the actual condition of their living. This is in fact an essential feature required of true politics.

Business can be studied and discharged according to the rules of science and mathematics, but if you go on dealing with everything based on mathematics, you may commit an irretrievable blunder. Though common sense falls behind mathematics in respect to exactness, yet anything judged with common sense is free from being greatly mistaken, whereas with mathematical judgment it is possible that something else may be the result. Once a primary school instructor took out an orange, and asked, "Which would you prefer to have if this orange is cut into halves of one piece or halves containing each two-quarters?" One of the brightest children stood up and answered. "Whichever will do, because one-half and two quarters are quite the same." Then, another boy who was counted among dull boys followed him with, "I prefer the slice of the orange cut into one-halves, because if divided into four slices little juice will be left." The former judged the question purely mathematically, while the latter caught in his mind the actual object—orange—presented, and judged it accordingly.

"Huang tao" and "Wang tao"

Neither of these two "tao" is a religious belief. Both are the way of justice leading to the welfare of people. The huang tao which constitutes the pivot of the national spirit of Japan, is to be construed as a united body of sovereign people and territory cemented intact by morality. On the other hand, wang tao, though same in principle as huang tao as far as consideration of the people's welfare is concerned, has no relation with sovereign and territory. Wang tao, which originated from the teachings of Confucius, upholds the happiness of the people as its sole ideal. If only the people's well-being could be assured, amalgamation or division of territory was a matter of no importance in ancient China. The diffusion of religious belief of Buddhism and Christanity respectively in Asia and Europe, has nothing common in substance with huang tao. Neither huang tao or wang tao is therefore a religion.

It is Japan's ideal that by first completing its domestic construction with huang tao as the pivotal spirit, it proceeds to find analogous points to this spirit in Asiatic culture and then makes further advance to seek for more in the cultural attainment of Europe.

Suicide of Major Kuge

As a soldier nothing surpasses in dishonor the state of being a captive. The military education of Japan treats it as quite a serious matter. It is the spirit of Japanese soldiers that in the event of unfortunate defeat in the battle every individual combatant strives to hold fast to his position fighting desperately to the last single person. This being the true soldierly determination on the battle field, there ought to be none taken prisoner. Naturally, prisoners are sent to the court-martial to be subjected to examination whatever may be the reason.

In the case of Major Kuge who was once tried by court-martial, when the fact was revealed that he had done nothing to be blamed for, being seriously wounded during the engagement when taken prisoner and having to surrender by force majeure. Despite the irresistible circumstances under which he became a captive, the greatest dishonor invited by him remained unabated. It was then that he determined to atone for the capital dishonor with death, which he thought was the only way left for him to follow. He later discharged his official duties such as

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investigating the feats of his men and drawing up a report of the battalion's activities on the battle field. later visited the grave of Regimental Commander Colonel Hayashi and then committed suicide to atone for the disgrace.

Major Kuge gives a living lesson to us all that whatever may be the cause once the soldier is taken prisoner by the enemy he must end his life. This is, in fact, an excellent material for military education to foster soldier-like spirit. It is this very spirit permeating throughout the Japanese Army and Navy, that makes them strong and invincible.

Retreat Is Defeat

During the European War I had experience of once joining the Russian troops, not as an observer of the operations but as an actual combatant, Japan being then a member of the Allies.

Through military education the Japanese army are taught that retreat is absolutely unjustifiable under any circumstances. To the armies of most countries retreat is almost as natural as advance; any time they forese disadvantage they make no scruple to beat a retreat. Having actually witnessed in the European War their way of beating retreat on many occasions, I became fully convinced of the inadvisability of resorting to retreat irrespective of circumstances.

If a mere rumor of retreat comes to the ears of commanders and men, it is quite sufficient to deprive them of fighting spirit, which cannot but lead to the rout of the whole battle line and defeat is unavoidable. Therefore, the commanding officer cannot be too careful not to mar the morale. Even when compelled to fall back, the man in command should never use the word, "retreat," but his command should always be such as, "We are to make an advance to such and such a village." A slight carelessness on the part of the commander would often lead to the annihilation of the entire army.

In this connection I may mention an engagement between Russo-Roumanian combined forces and Turkey-Bulgarian troops. Once these combined troops came into contact and a fight ensued, when the Russo-Roumanian forces were compelled to beat a retreat, though their falling back was unreasonable judged by their superiority over the Turkey-Bulgarian union. Twice they fell back as far as 30 miles. Unfortunately not far back of the new battle line there ran the Danube, a thousand metres in width. There were only two bridges spanning the river, and the fate of the retreating army of sixty or seventy thousand hung heavily on the commander's mind. As the men were filled with the idea that since they lost in the battle they are beating a retreat, those detached from the main body of the troops ran at the foot of the two bridges and soon there gathered hundreds of them eager to cross them ahead of others. It being quite evident that the retreat of the Russo-Roumanian combination before the weak Turkey-Bulgarian union was unnatural and that by turning heels the former could easily fight back the enemy, a strategy was suggested to the commander as the only alternative at the moment, and it was to pull down the two bridges to shut up the ways of escape and thus to encourage the martial spirit of the entire forces. To this proposal the commander made clear his objection declaring. "It would do no good to pull down the bridges, because if their retreat was cut they would be sure to advance toward the enemy with their hands raised high."

Japan Is Now "Japan of the World"

On looking back on the gigantic work of the Meiji Restoration we are impressed with the indefatigable spirit and energy of the participants in it who at that time were not older than twenty. All upholding the dignity of the Throne to be their guiding spirit, they made up their minds to shoulder themselves the great task of laying the foundation of the new Empire, ever keeping alive in mind the august precepts by the Emperor as commands from Heaven.

Now, how about the young men of today? At twenty years of age they still depend on their parents for support and constantly visit cafes and questionable eating-houses. At school they often go to strike at a slight instigation or discontent and embarrass teachers. Besides, they entertain thoughts quite incompatible with the traditional national thought, and resort to illegal measures. They go to meet a man of questionable character and make a great fuss crying, "Our fatherland, Soviet!" Indeed, they are too far detailed from the right path to be called sane. We are now in Japan of the world and not in Japan of the Meiji Restoration.

Betting on the Future Stability of Japan

(*New Republic*, Jan 18)

Japan is now frankly invading Chinese territory proper, as it has long expected that she would. The course of her logic is the old and familiar one of militarist imperialism. Manchuria had to be seized to protect Japan, Jehol had to be seized to protect Manchuria, and now Chiumenkow, where there is a pass through the Great Wall, has been seized to protect Jehol. The military logic is unassailable, once you grant its premises. No doubt the Japanese authorities are speaking the literal truth when they say that if they leave this gateway in Chinese hands, Jehol and Manchuria will be overrun with spies. They must hold it also because it is the gateway through which Chang Hsiao-liang has been sending troops' supplies. It may not be long before the same sort of thing is being said (and truthfully) about Peiping. Indeed, as long as Japan leaves a foot of Chinese territory in the hands of any Chinese government, there will be a source of potential danger to her. The logic works out perfectly to the conclusion that any nation which makes an enemy of another nation is in peril as long as the enemy nation lives. We do not see that a moral judgment concerning Japan's present course is called for, or would be relevant to the course of events if made. But the observation is certainly justified that persons and nations who care for their own security would be reckless indeed if they risked a single cent or a single calculation on the future stability of Japan

Peiping Palace Treasures to Be Sent to Loyang

The National Government, having appointed itself guardian to the Peiping Palace treasures, is having difficulty deciding upon a temporary home safe enough for the articles, which are valued at G.$50,000,000. Shanghai was first mentioned but now, it is said, the treasures are to be taken to Loyang.

Of the 7,000 cases which contain the valuables, 3,000 arrived in Pukow Feb 9 in 24 railroad cars after travelling a circuitous route via the Peiping-Hankow, Lunghai and Tientsin-Pukow Railways. This was done, it is rumored, to keep the treasures off that part of the Tsin-Pu Line which is in the territory of General Han Fu-chu, Governor of Shantung.

To appease those in Peiping who objected to the removal of the treasures for safekeeping, it is understood, Government authorities have signed an agreement stating the articles will be returned immediately after danger in the north is over.

Rumors circulated in some quarters, allegedly emanating from Japanese sources, that the Peiping palace treasures would be used as security for American wheat loans and other loans were officially denied at Nrnking Feb. 13.

Australian and Argentine Wheat Displace American Product in China.

As a result of the low exchange rate on Australia coupled with the fact that the Australian government subsidizes wheat growers with more than two million pounds Australian currency yearly, American wheat has largely disappeared from the China market. Shanghai millers are also buying Argentine wheat, a contract for 30,000 tons having recently been entered into.

Yung Chung-chin, the wheat magnate of China, declared in a recent intervew that China was obliged to purchase foreign wheat as a result of the under-production of wheat in China, which was only three-tenths of normal.

Mr. Yung added that for some years all the flour used in North China has been imported from Japan. In the event of an open war between China and Japan, the supply of Japanese flour would be cut off altogether, which would immediately make North China experience an acute shortage of flour. The import of South American and Australian wheat was therefore a precautionary measure against possible developments in North China.

Mr. Yung said the negotiations for the second U.S. wheat loan to China fell through because of the refusal of American farmers to sell their surplus wheat to China on credit.

Twenty thousand tons of wheat imported from America arrived at Chinkiang on board a Jardine boat Feb. 13. The consignment is being sent to the area north of the Yangtsze River to meet the demand there.

Chinese Doctor Appointed House Physician in London

Szeming Sze, the elder son of Minister and Mrs. Alfred Sze, has been appointed common Casualty Officer and House Physician of St. Thomas', the famous London hospital situated on the banks of the Thames, common right opposite the House of Parliament. Szeming is not yet 25 years old. Even for an Englishman it is rare at his age to be appointed to such a responsible position in a London hospital of St. Thomas' standing. He is the first Chinese to have received such high distinction in normal times. During the war when English doctors were needed at the front, foreigners were given staff appointments in London hospitals.

Szeming has at present five degrees from Cambridge, namely, A.B., A.M., L.R.C.P., A.R.C.S., and B.C. In other words Dr. Sze has now four more letters after his names than the length of the names.

Szeming is the first of his race to have attended Winchester College where he prepared for Cambridge. He entered Winchester by successfully competing in the entrance scholarship examinations.

Soviets Make Declaration on Disarmament

M. Litvinov, on behalf of the Soviet delegation before the General Commission of the Disarmament Conference at Geneva on February 6 proposed among other things that in any international conflict the aggressor shall be deemed to be that country which first commits any one of the following acts: (a) which declares war upon another country; (b) whose armed forces, even without a declaration of war, invade the territory of another country; (c) whose land, naval or air forces bombard the territory of another state or deliberately attack its naval or air craft; (d) whose land, naval or air forces descend upon or cross the borders of another country without the permission of the latter's government, or violate the terms of such permission particularly as to the time or extent of the regions for which such permission has been granted; (e) establish a sea blockade of the shores or ports of another country.

Russians Will Build Their Own Embassy at Nanking

A member of the Soviet diplomatic service arrived in Nanking recently to choose a house for the new Soviet Embassy. The representative was shown some of the buildings which have been selected by the Ministry of Foreign Affairs at the request of the Soviet Government. These were, however, all found to be unsatisfactory. It is understood that the Soviet Government will purchase a piece of land in Nanking for the erection of quarters. Meanwhile the Soviet ambassador and his suite will take up residence on Avenue Foch in the French Concession, Shanghai.

Chekiang Guild Opposes Sino-Japanese Tariff Treaty

The All-Chekiang guild has submitted a petition to the Government urging:—

1.—That the Sino-Japanese Tariff Treaty be declared null and void upon its expiration without formally notifying Japan.

2.—That no attempt should be made to renew the treaty or revise it.

3.—That, after the expiration of the present treaty, no other treaty of a similar nature should be concluded with Japan,

Hankow Youth Dies in Shanghai Hospital of Rabies

Unsucessful efforts were made by doctors at Shanghai and Nanking to save the life of a seven-year-old Chinese youth named Wei San residing at Hankow, who had been bitten by a dog and, according to the diagnosis, was suffering from rabies. The trip from Hankow to Nanking was made in an airplane piloted by H. Norris, which had to negotiate some very bad weather. The boy was brought down from Nanking to Shanghai by the night express Feb. 8 and sent to the Isolation hospital, but despite every attention he died on the forenoon of February 10.

Japan's War Minister Says Nation Is United

BY LT. GENERAL SADAO ARAKI,
Japanese Minister of War

(Published in "Chuo Koron," translated by "Japan Advertiser.")

THE Japanese nation in a body has made up its mind as to Manchuria and the League of Nations. The one and only one path having been marked out very clearly for us to follow we have nothing to fear now. Within the country the whole population is united and all are ready to follow the leadership of the Government. This is as it should be for if there were disunity of opinion within the country, strangers would see through us at a glance and take advantage of it, to force their way upon us. That is what we fear most. So long as the Japanese nation is united, and goes along hand in hand, the future of the nation is as bound up as the ocean.

People talk of Japan facing a crisis today, but we should ever be on our guard so that we do not lose the determination which a nation ought to be possessed of when facing a national crisis. Japan today is facing a great crisis, it is true enough. She is like a small sailing craft struggling against the surging waves of a vast ocean. A gale is upon the sea, and the small craft is apparently at the mercy of the raging waves. Japan is the small sailing ship fighting her way in a desperate struggle against the angry elements. She is now in the midst of the vast ocean and must make land at whatever sacrifice. There is no room for questioning who is captain, officers, sailors or passengers: all must help without question.

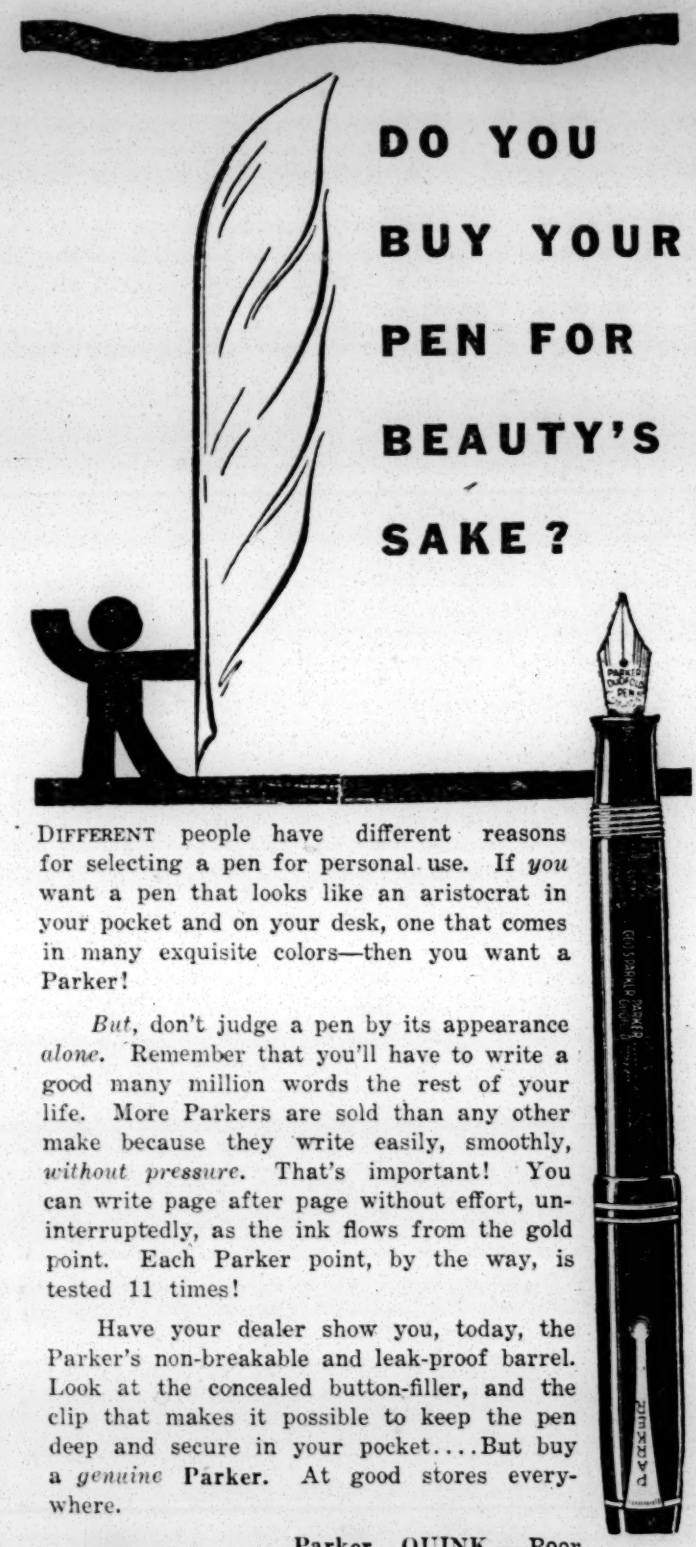
In order to overcome the difficulties lying in her course, the whole nation must rise rich or poor, farmer or workman, young or old, man or woman. All must join in a single purpose to tide over the crisis. The entanglements over Manchuria and the League of Nations, the internal economic difficulties and the disturbance in national thought, all these would be solved at once if the whole nation faced them in a body.

People are too often liable to view everything from their own narrow viewpoint; they tend to be satisfied and content so long as their own surroundings are peaceful without looking further afield. This is indeed no time for the people to be content with fulfillment of the immediate duties. We have many a common cause in which we are required to join hands and push on and on. Unity in purpose must be won; the whole nation must act as a body.

I am very glad to note that there are today a large number of prominent men who have realized the real significance of the extraordinary times through which we are passing. Whenever I receive report that some person or other has offered a money contribution to the authorities I feel like telling the contributor, "Don't forget the moral motive which has impelled you to make this offer to the country. Keep this sentiment alive and be prepared to do your share in the affairs of the State." There are indeed times when the State must do something that requires lots of money, but what the State really requires of you is the spirit which impels people to offer voluntary contributions to the State. A money contribution once made may be spent but never will the spirit which impelled the honor be exhausted.

Joint Commission to Pass on Chinese Troops Movements

One of the legacies of the Sino-Japanese hostilities a year ago was the question of the disposition of Chinese troops around Shanghai, which was a matter handled by what is known as the Joint Commission, that is, representative officers from all the various nations that had troops stationed here, including the Japanese. This matter was brought to the fore by the passage of Chinese troops through the Markham road (Shanghai) railway station Feb. 7. The result was a protest from the Japanese authorities, to which O. K. Yui, chief secretary of the City Government of Shanghai is reported by the Chinese press to have replied that the agreement last year referred only to the troops then fighting against the Japanese and could not be construed as applying to Chinese troops in general. As the Japanese and Chinese points of view disagreed without any hope of an understanding, the Japanese agreed to have the matter decided by the Joint Commission.



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The Education Problem of Greater Shanghai

(Extracts from a Speech Delivered by Y. Y. Pan, Commissioner of Education, at the Foreign Y.M.C.A., Shanghai, Feb. 7, 1933)

Chinese educational institutions comprise primary schools, middle schools, colleges and universities, besides kindergartens and vocational training schools.

Heading the list in point of seniority the honor of being forerunners in the field of primary schools belongs to the Mei Chi Primary School founded in 1878 (the 4th year of the reign of Kwang Hsu), the Yang Cheng Primary School founded in the year 1903, and the Ching Yeh Primary School founded in 1902. The last-named was founded by a District magistrate, one Wang Mao-kun whereas the first two were founded by public-spirited private individuals.

Among the numerous middle schools we find that the Arsenal Middle School was established back in 1863, and that the Catholic Zi Ka Wei Middle School, the Presbyterian Ching Hsin Middle School, the Hanyang Middle School, and the Y.M.C.A. Middle School figured in the company of pioneers. Then came along the Min Li Middle School, the Pootung Middle School, the Chingchong Middle School, and the Medhurst College.

The first normal school sprang into existence in the spring of 1897 when the Normal School Department attached to the Nanyang College was established. But the first independent normal school was founded in 1904, this being the Lung Men Normal School of which the founder was Yuan Shu-hsun, Taotai for Soochow, Sungkiang and Taitsang, and later Civil Governor for Shantung. Towards the close of the Tsing Dynasty, there were various normal training institutes known as Sze Fa Chuan Hsi So. For lack of funds these institutes dropped out of existence with the exception of the normal training institute under the auspices of the Woo Pun School for Girls, a private enterprise. The scope of work for the Lung Men Normal School was expanded, and its name, since the birth of the Republic, has been changed to that of the 2nd Normal School of Kiangsu. The Hsin Lu Normal School of comparatively recent origin—it was established in 1930—represents the direct contribution to this field of education by the authorities of the City Government.

Vocational Training

The year 1918 saw the birth of the Chung Hwa Vocational Educational Institute, a private enterprise born of the realisation of the timely importance of vocational training as a stepping-stone to self-supporting citizenship.

The first independent kindergarten came into existence in 1929. Before this period the kindergartens were invariably the branches of primary schools.

In the uncertain old days the educational appropriations came from different channels but the financing was enveloped in an atmosphere of uncertainty. The funds came in the form of a surtax collected together with the land tax and an appropriation was also made from the house tax but a severe financial blow was invariably inflicted on education in times of famine or poor harvesting. A welcome change was brought about in 1927 when the Municipality of Greater Shanghai was formally inaugurated. The budget provided for a 25% appropriation for education.

The primary school statistics for 1930-1931 show that out of a total of 1,231 students who held certificates of proficiency the percentages are as follows:

Moving on to higher studies	62.71%
Taking up trades or professions	23.08%
On the unemployment list	8.61%
The rest	5. 6%

In the generality of cases the primary schools in the city are better equipped with working facilities as compared with sister institutions in the rural districts in the way of class-rooms, working rooms, meeting halls, recreation grounds, co-operative stores, reading-rooms, and in a number of cases a fire brigade in readiness for emergencies.

The number of Middle Schools usually corresponds in suitable proportions with the number of primary schools, in other words, the attendance at the latter sets the pace for attendance at the former.

Last but not the least come the organs of high learning whose function is to enrich society by the cultural training of young citizens, intellectually, physically and morally, in order to fit them for positions of leadership in the world. In this sub-division group we have universities, colleges or institutions of special training. There are altogether six institutions of special training, namely:

National:	1 with 127 students and 34 teachers and an annual expenditure of $126,339.
Private:	3 with 1,037 students and 1,781 teachers and an annual expenditure of over $100,000.
Minsterial:	2 with 230 students and 49 teachers and an annual expenditure of $162,000.

There were in all fourteen colleges offering specific courses of technical training but not of sufficient number to rank as universities. They were made up as follows:—

National	3 with a total attendance of 271 students and 132 teachers and an annual expenditure of $399,000.
Private (Registered):	4 with a total attendance of 2,538 students and 217 teachers and an annual expenditure of $367,000.
Private (Unregistered):	7 with a total attendance of 1,623 students and 199 teachers and an annual expenditure of $176,000.

Sequel to Morphine Plant Raid

Dr. Kurt Barth, German citizen was tried in the Nantao (Shanghai suburb) District Court, Feb. 4, together with three Chinese on a charge of running a large morphine plant in the Fahua district of Nantao, which was raided by police of the Bureau of Public Safety on January 12. The hearing was concluded and the accused were remanded in custody pending judgment.

When arrested by the Chinese police on January 12, the four accused were all in the morphine plant, the court was told. The plant consisted of more than 10 Chinese-style buildings in three rows in the Fahua district. One large trunk containing a large quantity of nicotine and other poisonous drug materials for making morphine was found in a private room of the German doctor. In addition, various mechanical apparatus of the plant, were also seized.

When questioned, Dr. Barth claimed that he was an American citizen and was employed as a chemical engineer by the owner of the plant, M. Kreossin, for making perfumery waters. The court was told that he had worked there only for three days when the plant was raided and he was arrested together with the three Chinese employees. Although he claimed to be an American citizen the court held that he was German despite his affirmations to the contrary.

The three Chinese employees denied having any connection with the morphine making. They stated that they were mere coolies employed by the plant, the name of which was the "Shanghai Perfumery Company."

Important Changes in Kiangsu Provincial Government

Important changes concerning the organization of the Provincial Government and that of the District (*Hsien*) Government in the province of Kiangsu were decided upon at the last weekly meeting of the Kiangsu Provincial Government Committee.

A General Administrative Office, in which all the various Provincial Departments will function together will be established. This change, it is claimed, will facilitate closer co-ordination between the various Departments and will thus enhance the administrative efficiency of the Provincial Government as a whole.

Russian Whaling Vessels Ordered Confiscated by Japanese

The Tokyo District Prosecutors' Bureau at Tokyo having decided to confiscate three of four Russian whaling-vessels which recently arrived at Ogasawara Island without necessary permission, the Foreign and the Justice Ministries, fearing such strict action may affect Soviet-Japanese friendly relations, are reported to have requested the prosecutor to re-consider his judgment. Later it was announced that the ships were released on payment of a fine.

Dr. Alfred Sze Speaks on "Political Morality"

Dr. Sao-ke Alfred Sze, Chinese Minister to the United States, delivered an address on "Morality and Legality: Personal and Political" at the Hampton Institute, Hampton, Virginia, Jan. 15, in the course of which he said:

"The rules of international morality require that each State shall guide its conduct towards other States by the fundamental rules of right and justice that apply to the dealings of individuals with one another; and the rules of international law establish the specific and technical rights and duties which States owe to one another. With Japan's acts since September of last year, I assume that you are familiar, at least in a general way. If we regard these acts simply from the viewpoint of international morality we find that, in order to advance conceived interests of her own, she has been wholly disregardful of the rights and interests of her friendly neighbor, China, and has pursued those selfish interests by means which have led to the slaughter of the thousands of innocent persons and to the destruction of millions of public and private property. If we view these acts from the standpoint of international law, we find that Japan has, in the most ruthless manner, violated promises which she has given to other Powers and which are embodied in several of the most important and solem international covenants of recent years."

By becoming a Member of the League of Nations, Japan promised the other Members of the League, including China, that she would respect and aid in preserving, as against external agression, the territorial integrity of all the other Members of the League. She also promised that as regards any dispute or controversy that might arise between herself and other Members, which could not be satisfactorily settled by diplomacy, she would submit it for judicial determination, to arbitration, or to the Council or Assembly of the League of Nations, with a view to conciliatory action, and, if such conciliatory efforts should fail, to examine and report upon its merits by whichever of the two League bodies might be dealing with the dispute or controversy. You all know that China has submitted the situation created by the acts of Japan to the League; that Japan concedes that the League has jurisdiction of the controversy; that Japan has given a series of solemn assurances to the League, the more important of which she has repeatedly violated; and that the Council and the Assembly of the League have adopted several resolutions, which, had they been carried out by Japan—which they have not—would have put the whole situation upon the road to a satisfactory settlement. There is still the possibility that the League may take some energetic and decisive action in the matter, but it will not do so unless the more powerful of its Members decide that it is more important to them to maintain the prestige and powers of the League and the sanctity of treaties than it is to avoid the immediate consequences of applying measures in restraint of Japan."

"Japan, by her acts of aggression and military violence during the last sixteen months has thus been guilty not only of grievous wrongs to China and the Chinese people, but has made an attack upon world order—an attack which, if not resolutely met by the other nations of the world, may produce results that will endanger civilization itself. She has shown a willingness not only to violate those canons of morality upon which Oriental social and political life has rested, but to repudiate the authority of those distinctive legal obligations which the Occident has developed. Japan has prided herself upon having been able to combine in her own culture the essential ideals of both Eastern and Western civilization. In fact, she has been false to both. She has placed her own conceived national material interests above the true interests of the world. In order to secure her own selfish ends she has been willing ruthlessly to threaten with destruction the League of Nations of which she has professed to be a loyal member, and to break down the instrumentalities for international peace which the world, since the Great War, has so laboriously sought to construct."

Shanghai Factory Losses During Shanghai War

Figures of the total losses suffered by Chinese factories during the Shanghai War last year have been published by the Social Affairs Department of the Municipal Government of Greater Shanghai. According to the official statement, altogether 896 factories were destroyed during the Japanese onslaught at the beginning of last year and the total loss is estimated at $53,079,195.86.

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The First American at a Chinese Court

BY DR. J. J. L. DUYVENDAK
(The Chinese Christian Student, N. Y.)

IT is not generally known that there went to the Court of Peking, as early as 1794, an American citizen, who, however, was a Hollander by birth.

Andreé Everard van Braam Houckgeest was born in 1739 at Werkhoven in Holland and began his career in the navy, from which he resigned in 1758, to go as super-cargo in the Dutch East India Company to China. He lived in Macao and Canton until 1773 making three trips to Europe in this period and finally retired to Zutphen, a small town in the eastern part of Holland.

After the independence of the United States of America had been recognized, Van Braam crossed the Atlantic and settled in Charleston, South Caroiina, as a rice planter and merchant; having learned the method of growing rice in China.

In 1784 he became naturalized as an American citizen and it was evidently his intention to spend the rest of his life in the country, but misfortunes fell upon him: in an epidemic he lost four of his children within a month and through misplaced confidence he was robbed of a large portion of his capital. Under the circumstances it is not surprising that he in 1788 accepted an offer to return to Canton as the head of the factory of the Dutch East India Company there.

It is undoubtedly due to Van Braam's initiative that there went to Peking the Embassy, under Isaac Titsingh, which he accompanied as second in command and which he has so fully described. A second account of this journey, "Voyages â Pèkin" was written by de Guignes, a son of the famous French academician, who also accompanied the Embassy.

The Embassy left Canton on November 22, 1794, in thirty boats, of which twelve were occupied by the ambassadors and their suites while the remaining eighteen carried the escorting mandarins and their following. Nanch'ang was reached on December 10 without incident but from there, owing to the fact that the waterways were frozen, the journey had to be made by land and very many hardships were encountered. The two ambassadors, Titsingh and Van Braam, were in sedan chairs, the others on horseback; the baggage was often delayed and did not arrive at the lodgings by night, so that there were no beds, and once Van Braam had to spend the cold winter's night in his sedan chair.

Sometimes there were no food and always the lodgings were bad. At times some of the bearers deserted because they were insufficiently paid by the mandarins, who wished to make a profit out of the money allowed for the trip. Strict instructions had been received that they must reach Peking before the Chinese New Year and so long marches were made and eight of the carriers died from exhaustion. When finally on January 10 Peking was reached, the Embassy were kept waiting two hours while their quarters were made clean and habitable. It is no wonder that Van Braam complained of losing five inches in girth!

A month was spent in Peking and the ambassadors were received in audience on several occasions by the Emperor, Ch'ien Lung, to congratulate whom on reaching the 60th year of his reign was the ostensible reason for the Embassy. After a friendly reception—of course, on the basis of "tribute-bearers"—the return journey was begun on February 15. This was much less unpleasant than the journey north, partly owing to the milder weather and to the slower rate of travel and partly because more of the distance was covered by boat.

At the end of 1795 Van Braam left Canton for good, and sailed in a small ship of 200 tons bought for him by American friends, round the Cape of Good Hope to Philadelphia, where he arrived on April 24, 1796. Here he soon came into contact with an interesting circle of French émigrés such as Tallegrand, Cazenova, the Duke of Orleans, etc.; also Moreau de St. Mérg who had been a member of the National Convention in Paris but had had to flee and had started in Philadelphia a bookstore and printing press. He made an agreement with Van Braam to publish in two volumes a French account of the Embassy. This was done in 1797 and 1798 and the Gazette of Leyden of October 6, 1797, reported the appearance of the first volume in Amsterdam. Five hundred copies of this volume were captured in an English vessel by a French pirateer and were sold in France.

It is interesting to note that the dedication of the book is to George Washington. Van Braam knew the Washingtons personally and is even mentioned in Martha Washington's will, as the giver of some pieces of Chinese porcelain.

Van Braam had taken to America with him a large quantity of Chinese curios, some of which he gave to the Museum of Philadelphia. The rest of the collection he offered through Tallegrand to France but the Directorire did not accept the gift and so he took them over to London and sold them there. He died in 1801.

The U. S. Minister to China

(Editorial in the "Shanghai Evening Post," Feb. 3)

In spite of the fact that Dr. Walter Williams, president of the University of Missouri, is an able man long interested in the Far East, the suggestion that he be appointed Minister to China seems of doubtful value at the present time.

The United States has a Minister to China. He is Nelson T. Johnson. A career diplomat, Mr. Johnson has had many years of actual residence and work in the Far East; he enjoys a knowledge of the Chinese language and the Chinese people; he has the fullest confidence of both the State Department and Nanking.

Estimable and beloved as Dr. Williams undoubtedly is, he would be a political appointee. In the words of the *United Press*, his choice would be "in the nature of a reward to Missouri political leaders who helped carry the state for the Democrats in the last election."

Yet that is in no way to deny Dr. Williams' unquestioned personal merits and qualifications.

It is certainly nothing against Dr. Williams, and in fact a count in his favor so far as the present matter is concerned, that he has never personally busied himself in politics. Throughout his life he has been journalist and teacher—fulfilling the first function as country editor in various parts of Missouri, then combining the roles of journalist-instructor by starting the School of Journalism of the University of Missouri, and in 1931 assuming the presidency of the University.

Many of Dr. Williams' journalism graduates have come to the Far East, and a number are now resident in Shanghai. Dr. Williams has visited China on several occasions, and has always kept up a lively interest and close contact.

Only two things stand as major obstacles in the way of the appointment, but we consider these vital. One is the fact that a trusted man is already on the job. The other is Dr. Williams' age, which is 69 years. Although still eager and enthusiastic as a boy, Dr. Williams is no longer young in body and it would be a grave injustice to him to ask that he assume duties requiring much travel, strain and general physical as well as mental hardship.

Through giving able trained journalists, both forign and Chinese, to China, and through his own services as interpreter of the Chinese cause to America and to the world, Dr. Williams has already served both China and the United States in distinguished fashion. We believe that his own interest and those of others can best be served by permitting him to continue his chosen work undisturbed by a call to new duties.

Japanese Diet Discusses U.S. Fleet

Mr. Nagashima, a member of the Japanese Diet, referring to the American Atlantic Squadron's visit to the Pacific last year and to the American naval manoeuvres, in the Pacific on a large scale this year, at a recent session said that these factors constitute causes of disturbance to the peace of the Far East. Both Japan and America must be particularly careful to do nothing likely to disturb Far Eastern people, he said. "Has the Japanese Government ever approached the American Government with a request for the recall of the Atlantic Squardron to the Atlantic?" he asked.

Foreign Minister Uchida replied that as Japan had no right to interfere in the disposition of the American fleet the Japanese Government had never taken the matter up with Washington.

George Washington's Interest in China Trade

The birthday of George Washington, which occurs Feb. 22, is an appropriate moment to call attention to the forgotten fact that the first president of the United States had a considerable interest in China, he having nominated the first United States consul to Canton. Incidentally it may be mentioned that the actual date of George Washington's birth was February 11, England and its Colonies at the time of his birth (1732) still using the then Julean Calendar which at that time was 11 days behind (and is now 13 days behind) the Gregorian calendar.

Washington's diary for Monday, February 8, 1790, noted the nomination of Major Samuel Shaw as consul to Canton, a post which previously he had held under the Confederation.

The United States Government in that period had an active interest in developing trade with Canton, as heavy losses had been sustained in commerce with the West Indies following separation from Great Britain.

With characteristic interest in plants and his usual meticulous thoroughness, Washington wrote in his diary the Chinese names of 45 different seeds and the exact place where they were planted. Some of these seeds were "ting litt fa," "pung fui fa," and "cum seen fa." The elaborate entry in the usually concise and abbreviated diary strongly suggests that Washington was more than casually interested in this matter.

Logical Development

The fact that early travellers from the new-born American republic to China had brought home seeds was a rather logical development, since American exports to Canton at that time consisted almost entirely of ginseng. This New England plant made a strange contribution to Chinese-American relations.

Ginseng has been highly valued in China because of the medicinal properties, and some Chinese have even attached magical qualities to it. Ginseng of a species similar to that in China was discovered at Montreal in 1716, and shipments to Canton by the British had met with Chinese favor. When the Yankee ships under the American flag entered the Canton trade they therefore started with ginseng as the commodity most certain to command a market.

American-Flag Trade

On the mercantile initiative of Robert Morris, the ship *Empress of China* sailed from New York on Washington's birthday, February 22, 1784, on the famous voyage that commenced American-flag trade with the East.

The ship was under command of John Green as master, with Samuel Shaw as supercargo. Shaw, who had served as major in the Revolutionary army, and as aide-de-camp to General Knox, was described as "a man of fine talents and considerable cultivation."

The *Empress of China* cargo of ginseng and merchandise was sold at Canton and a return cargo of tea and miscellaneous goods produced a net profit for the voyage of 25 per cent. Great publicity at New York and New England attended this venture, and Shaw's report to Minister of Foreign Affairs Jay attracted the favorable comment of Congress.

Interesting Historical Fact

The first American-flag ship from Providence, R.I., in the China trade was the *George Washington* under command of Captain Dennison.

The general facts of commerce and politics in Washington's lifetime indicate that he may have had a broader interest in the trans-Pacific people than could be demonstrated by the meager references in his personal notes and general biographies.

Some of the leading European political philosophers who influenced the American Revolution, as Rousseau and Voltaire, were students of Lao-tse and Confucius; and their ideas pervaded the American colonies. Whether or not Washington was familiar with the ideas of the ancient Chinese, his bent toward prudence, moderation, and ethical idealism, suggests a striking spiritual affinity with the Chinese sages.

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Shanghai Mohammedans Honor Shanhaikwan Hero

More than 1,000 people, including representatives of the Central Government as well as local government and public bodies in the Chinese city, were present at the special memorial service held at the Chinese Mohammedans Association in the city Feb. 10 in commemoration of the late Colonel An Teh-hing, battalion commander at Shanhaikwan, and his men, who paid the supreme sacrifice early in January when Japanese invaded the famous Pass city. The service was sponsored by the local Mohammedans and pure Moslem rites were employed in the services.

The service was conducted in a solemn atmosphere of white mourning scrolls hanging all over the hall, eulogizing the heroism of the late commander and his men in resisting an invading foe many times stronger in numbers and equipment.

A graphic account of the heroic stand by Colonel An was given by General Ma Liang, prominent Mohammedan leader, who presided at the service. Mayor Wu Teh-chen, who represented the Central Government at the service paid a high tribute to the patriotism and heroism of the Mohammedans as proved by Colonel An.

Ministry Asks Foreign Cable Companies in China to Make New Agreement

The Ministry of Communications recently addressed the Great Northern, Eastern Extension and Commercial Pacific Cable Companies in Shanghai urging them to send representatives to Nanking to discuss the conclusion of new agreements, the old ones having expired. The Ministry alleges that these three cable companies are not operating in accordance with the regulations promulgated by the Ministry governing cable-lines in Chinese waters. It declares that if these companies continue to defy the Government and refuse to conclude new agreements with the Ministry of Communications, the companies themselves must bear the responsibility for whatever may result out of their indifference.

Dr. Lo Wen-kan Inspects Local Prisons

Following an inspection of the prisons end of last week in the International Settlement and the French Concession, Dr. Lo Wen-kan, Minister of Justice and concurrently Minister of Foreign Affairs, stated in an interview that the impression gained in the inspection was favorable and that the administration was of a high standard.

Dr. Lo came down from Nanking to consult T. V. Soong, Minister of Finance and concurrently acting President of the Executive Yuan, on Government affairs. Accompanied by Kuo Yuo-kuan, acting President of the First Special District Court, and several others, Dr. Lo visited in turn all the prisons and interviewed the judges of local courts.

Chinese Writers Urge Boycott of H. G. W. Woodhead

The *Shun Pao* (Shanghai Chinese newspaper), says a number of prominent Chinese writers in Shanghai, including Messrs. Yu Sung-hua, Chen Ping-hou, Yu Huan-chen, Li Chuan-shih and others, have issued a circular to all government and business offices requesting that no material be supplied to H. G. W. Woodhead for his China Year Book. They allege that Mr. Woodhead expressed himself in favor of Japan immediately after the outbreak of the Shanghai War last year and that he is actually an enemy of the Chinese nation. They declare if such a man were found in other countries he would have been deported long ago.

Kwangtung Provincial Finances Show Improvement

The Canton provincial treasury estimates revenue for the current year at $90,000,000. National revenue collected in Kwangtung is estimated to total $49,000,000, while provincial revenue is expected to reach about $41,000,000. Since the provincial commissioner of finance, On Fang-pu, assumed office last May, the revenue of the province is stated to have increased by $600,000 a month. On the other hand, administrative expenses in civil and military offices are said to have been reduced from $2,000,000 a month to $800,000 a month. With increasing revenue and decreasing expenditure, funds will be available for reconstruction projects and reforms under the three-year plan, the *Central Press* says.

Increased Unemployment in the United States

William Green, president of the American Federation of Labor, issued an estimate at Washington, Feb. 13 that unemployment in America had increased by 300,000 in January over the December figure. He said the peak had been reached by the new record of 12,000,000 unemployed.

Dr. Alfred Sze Takes Over at Washington

The Ministry of Foreign Affairs at Nanking received a cable message from the Chinese Legation at Washington, Feb. 14, reporting that Dr. Sao-ke Alfred Sze, newly-appointed Chinese minister to the U.S.A., had formally assumed office the previous day and would present his credentials to President Hoover during the week.

Yenching Students Write Essays on Live Topics

Various students of Yenching University, Peiping, have written a series of essays on the Sino-Japanese conflict, and related subjects, as part of the work of an International Correspondence Committee, one of the patriotic organizations recently formed in that institution. Especially worthy of mention are those by the following students: George Ke-yi Kao, Frances Pei-yueh Chen, Kenneth Hsiao-chen Lo, Charles Hsiao-chao Lo, and Henry Jen-shang Mao.

"Sun" Insurance Representative at Harbin in Serious Condition

Howard Ford, the agent of the Sun Insurance Office at Harbin, is reported in the Russian press to be confined to hospital in an unconscious condition following a nervous breakdown. Mr. Ford in the first instance had an attack of neuralgia contracted while attending a ball. Later his eyes became infected as a result of poultices being applied, and in addition to his other ailments he is practically blind.

Slump on Tokyo Stock Exchange

With the report that Japan's withdrawal from the League is certain in the near future, the Tokyo Stock market recorded a big slump on the forenoon of Feb. 15 and showed a state of chaos. The management of the stock exchange announced the market would close for the afternoon.

Chinese Domestic Bonds Also Drop

The Domestic Bond market on Shanghai Feb. 14 reacted unfavorably to a report from Washington that Japan would leave the League of Nations and might blockade Chinese ports. A wave of selling drove prices down from 1.80, the biggest drop recorded in Salt Revenues, to .10 in 96 Millions. The volume of business was $11,850,000.

Emergency Cabinet Meeting to Be Held in Tokyo

Faced with what is considered one of the most momentous events in Japanese history, the Japanese Government according to a *Rengo* telegram is making preparations for coping with the situation. As soon as the recommendations of the Committee of Nineteen are received in their entirety an emergency cabinet meeting will be held. The result of the discussions will be reported to Prince Saionji by Premier Saito. At the same time, a petition will be submitted to the Emperor for holding the *Jushin Kaioi*, Council of High Officials, which is convened only in cases of great national crisis.

Nanking Water Works Will Supply Water Free During First Month

Nanking residents will be enjoying the conveniences of a modern waterworks system within the next two weeks, according to a recent *Kuo Min* message. The finishing touches to the engineering work are nearly completed. A test was made of the main pipes Feb. 13, and water was sent through the mains and allowed to flow out through the various public hydrants in order to clear the pipes.

The Municipal Bureau of Public Works is hurrying on with the work of connecting the pipes with residences and other buildings. Everything will be ready by the end of this month. Water will be supplied free during the first month.

Shanghai District Court Agreement Extended for Three Years

The agreement relating to the Chinese Courts in the International Settlement at Shanghai (and the notes attached thereto) has been extended for a period of three years from April 1, 1933, as a result of recent conversations between the representatives of the Chinese Government and representatives of the Powers concerned.

Notes to the above effect were exchanged between Dr. Lo Wen-kan, Minister for Foreign Affairs, and the heads of the Legations concerned on February 8, 1933, the text of which is printed below:

(*1*) *Joint notes from the heads of the Legations concerned to the Minister for Foreign Affairs.*

Feb. 8, 1933.

Sir,—Article ten of the Agreement signed at Nanking on February 17, 1930, between the representatives of the Chinese Government on one hand and representatives of the Brazilian, American, French, United Kingdom, Norwegian and Netherlands Governments on the other hand, relating to the Chinese courts in the International Settlement at Shanghai provides as follows:—

> "The present agreement and the attached notes shall enter into effect on April 1, 1930, and shall continue in force for a period of three years from that date provided that they may be extended for an additional period upon the mutual consent of the parties thereto."

"It is now proposed, as arranged between us, that the said agreement and the attached notes shall be extended for a period of three years from April 1, 1933, that either of the parties thereto may notify the other six months before the expiration of this period of their desire to denounce them and that, in case both parties fail to do so in time, the agreement and the attached notes shall continue in force thereafter until they are denounced by either of the parties thereto, of which denunciation six months prior notice shall be given to the other party.

"We have the honor on behalf of our respective governments to agree to the proposed arrangements set forth above for the extension of the said agreement and attached notes and to request Your Excellency for confirmation thereof.

"We avail ourselves," etc.

(Signed) A. F. Lopes de Almeida, in the name of the Brazilian Minister;

Willys R. Peck, Counsellor of Legation, on behalf of the American Minister;

Phillippe Baudet, in the name of the French Minister;

E. M. B. Ingram, on behalf of H. M. Minister;

N. Aall, Norwegian Charge d'Affaires; and;

A. I. Thornbecke, Netherlands Minister.

(*2*) *Identic notes from the Minister of Foreign Affairs to the heads of Legations concerned:*

"Sir,—I have the honor to acknowledge receipt of your note of to-day's date which reads as follows: (here follows full text of the above).

"In reply, I have the honor to confirm that the Chinese Government agrees to the proposed arrangement as set forth above."

"I avail myself, etc. of this opportunity to renew to Your Excellency an assurance of my highest consideration."

(Signed) Lo Wen-kan.

Delays in Civil Cases to Be Remedied

A joint note with the same signatures as appended to the above notes stipulates that measures are now under contemplation by the Chinese authorities for checking undue delay in civil proceedings with special reference to matters of appeal and execution of judgment, and that such measures when adopted will apply also to the Courts functioning in the International Settlement in Shanghai.

Japan Wants Boycotts Prohibited

The Japan Federation of Economic Associations has decided to introduce in the forthcoming congress of international chambers of commerce at Vienna a resolution banning the economic boycott. The resolution narrates how Japan has suffered from the anti-Japanese boycott movement in China during the past 20 years and requests that an international agreement be concluded interdicting this weapon,

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Men and Events

The Italian service-ship *Quarta* sailed from Taranto bound for Shanghai, Feb. 13.

A Chinese educational mission headed by Professor Cheng Chi-pao paid a visit to the State University in Moscow, Feb. 10.

Dr. H. H. Kung, former Minister of Industry, has left Italy on his way back to China. He is expected to arrive here by the middle of March.

It is announced that Chen Kung-po, Minister of Industry, will personally represent the Chinese Government at the forthcoming Chicago Exhibition next May.

Mather & Platt, Ltd., Manchester engineers, with offices at 4 Peking road, Shanghai, are distributing to their customers useful date engineering pads for 1933.

The new bridge spanning the Pearl River at Canton was formally opened to traffic Feb. 15. The structure took three years to build and cost more than $1,000,000.

The annual meeting of the American Chamber of Commerce will be held in the assembly room of the American Club, Shanghai, Friday, February 24, at 5:30 p.m.

An exhibition, "The Art of the East," devoted to the art of China and Japan of the XIth to XXth century and the art of Persia and Turkey of the XIIIth to XXth century, has been opened in Moscow.

Owing to illness, General Chang Hsueh-ming, former mayor of Tientsin and younger brother of Marshal Chang Hsueh-liang, has resigned from the presidency of the Peiping Provisional Relief Association.

The Military Academy and the Institute of Foreign Languages in Tokyo have jointly undertaken the translation into the Japanese language of the Soviet Siberian Encyclopedia, consisting of four volumes.

Gen. Smedley Butler, who was in charge of the U. S. Marines in North China several years ago, now retired, in a recent interview stated that the U. S. Army was mostly used as a debt collecting agency for financial interests.

After a stay of three days in Peiping the Panchan Lama left the former capital Feb. 12, for Suiyuan by train. The Living Buddha will proceed first to Palin Miao, where he will preach to the Mongols before returning to Chinghai.

Sir John Hope Simpson, Director-General of the National Flood Relief Commission, arrived in Hankow from Shanghai Feb. 10, and later proceeded to Honan to inspect the flood relief work still in progress in certain parts of said province.

Following closely the death of his brother, Captain Hu Chi-yi, commander of the Fifth Squadron of the Cantonese Air Force, was killed during a daily practice flight Feb. 9. His plane crashed upon a roof while passing Tungshantse and was destroyed.

The second battalion of the East Lancashire (British) regiment arrived in Shanghai Feb. 12. Lieut Colonel A. C. Marsh is in command. Three hundred and forty members of the 1st Battalion have been transferred to the 2nd Battalion to bring it up to Colonial strength.

Joe Carson, mayor-elect of Portland, Oregon, passed through Shanghai last week en route to Manila. Mr. Carson is making the round trip from and to Portland on the s.s. *General Sherman*. He was entertained at tiffin while here by Julean Arnold, American Commercial Attache.

The wooden hoarding which a year ago was used to screen the main entrance to Chun Shan Road at Nanking during the Japanese hostilities and which in the meantime has been used for commercial advertising purposes is now being used to paint a map about 20 x 40 feet of Manchuria, which is described in the accompanying Chinese characters as "China's lost three northeastern provinces."

The Shansi provincial authorities have decided to develop tobacco plantations in Shansi to compete against foreign products. The tobacco plantation enterprise is now being conducted under the supervision of the Department of Industry of the Provincial Government and the Shansi Tobacco Company has been established to manufacture cigarettes for the northern provinces.

Edward Hunter, who represented Hearst's *International News Service* in Manchuria from the beginning of the crisis to a few months ago, has now arrived in London and will be connected with the European organization from now on. While in Washington, Mr. Hunter interviewed various officials of the U. S. Government on the Manchurian situation and made two nation-wide radio broadcasts on the Far Eastern situation.

The Royal Asiatic Society (North China Branch) will hold the inauguration ceremony of the new buildings at 6 Museum Road, Shanghai, on Thursday, Feb. 23. At 5.30 p.m. a lecture will be delivered in the new auditorium by Dr. Wu Lien-teh on "Early Chinese Travellers Abroad."

Gerald F. McNerney, one of the language students of the American legation, died at the German hospital in Peiping Feb. 7 from an attack of pneumonia. Mr. McNerney came from Cleveland, Ohio, and had been a student of the Chinese language at the U. S. legation for two years.

International delegates and representatives of the Commonwealth of Australia and all States, as well as business and shipping interests, attended in large numbers a conference which commenced at Parliament House in Sydney Feb. 5 to consider measures for improving trade with the Far East.

T. V. Soong, Acting President of the Executive Yuan, left Nanking Feb. 11 for Peiping by airplane to confer with General Chang Hsueh-liang. President Soong was accompanied by W. H. Donald, Advisor to General Chang Hsueh-liang, and two secretaries. Mr. Soong will remain in Peiping for one week.

According to the latest estimates made by the Ministry of Railways the foreign and domestic debts contracted by Chinese Government Railways amount to $1,353,000,000. The Ministry has decided to organize a debt liquidation committee with a view to liquidating all the outstanding debts of government railways.

After more than five months of "involuntary suspension," the *China Forum*, edited by Harold R. Isaacs, with distinct Communistic leanings, appeared again Feb. 11 in a somewhat changed format. The English section consists of 19 pages and the Chinese section of nine pages—the paper now appearing bilingually.

V. Rover, the Shanghai correspondent of the *Tass* News Agency, is being transferred to the head office of the agency in Moscow. His place will be taken by J. Chernov, formerly the *Tass* correspondent in Nanking. Mr. Rover, who has completed a stay of six years in Shanghai, expects to leave for Moscow at the end of this month.

Malcolm Rosholt, who served as reporter on the *China Press* for the past 14 months, left Shanghai last week on the Italian liner *Gange* for Europe, where he hopes to spend a short period before proceeding to his home in Rosholt, Wisconsin. Mr. Rosholt expects to be married while in America, and will bring his bride with him when he returns to Shanghai next summer.

Replying to a query from the National Reconstruction Commission, the Ministry of Finance has announced that the business tax for electrical enterprises in the provinces of Kiangsu and Chekiang is to be imposed at the rate of 5 per mille and that in Anhwei at 4 per mille. These increased rates have been approved by the Executive Yuan, to be effective for the present year, instead of the former rates of 2 per mille for the three provinces.

The Navy Y. M. C. A. at Shanghai has been conducting a series of lectures on "Makers of Modern China" at the American Women's Club. The last lecture, on Sun Yat-sen, was delivered Feb. 9 by President J. Usang Ly of Chiaotung University. He gave a sketch of Dr. Sun's life, an outline of his work, a summary of his program and a brief interpretation of his philosophy. Many U. S. Marines, for whom the lectures were primarily intended, were present.

The Chinese General Insurance Company has been formed in Shanghai with offices on the second floor of the building of the Shanghai Silk Industrial and Commercial Savings Band on Hankow Road. The company has been organized by local business leaders. Wang Yen-sung, an executive member of the local Kuomintang Bureau and the Shanghai Chinese Chamber of Commerce, is chairman of the board of directors, while Fang Chiao-po, is general manager of the company.

An article in the *Christian Century* (Jan. 18) states that Dr. Gordon Agnew and his wife, of the staff of the West China Mission of the United Church, have made discoveries that promise mastery over tooth decay. Dr. and Mrs. Agnew during a recent furlough in Canada checked up on experiments made in the field while in charge of the dentistry department of the medical school. Their experiments showed that while with animals the major factor is lack of phosphorous, in human beings the chief factor is lack of the D vitamin, chiefly gained by the action of ultraviolet sun rays on the skin, otherwise supplied by fish oils.

Who's Who in China

Gen. Sung Chih-yuan, Chairman of Charhar Provincial Government; born at Lo-ning District, Shantung, 1885; received his training at an army training institute; has successively served as Commander of 26th Mixed Brigade of the Army; Commander of the 11th Division; Military Governor of Jehol; Field-Commander of the Fourth Route of the Second Group Army; member of the Military Council; Chairman of Shensi Provincial Government, 1927; Commander of the 28th Division; now, Chairman of Charhar Provincial Government; one of the ablest and most successful lieutenants of Marshal Feng Yu-hsiang, but in recent years, is co-operating with Gen. Chang Hsueh-liang; address: Charhar Provincial Government, Charhar.

宋哲元字明軒
Gen. Sung Chih-yuan

宋哲元字明軒，年四十六歲，歷任陸軍第二十五混成旅旅長，陸軍第十一師師長，熱河都統，國民革命軍第二集團軍第四方面總指揮，國民政府軍事委員會委員，民國十六年任陝西省政府委員兼主席，陸軍第二十八師師長，現任察哈爾省政府主席。

Japan's Oil Supply Is Discussed by House of Peers

A discussion on supplies of oil for the Japanese Navy took place at the sitting of the House of Peers in Tokyo, Feb. 9. Admiral Sakamoto, interpellating, said that no matter how big the navy, it will be of little use if it is not supplied with sufficient fuel. Researches are at present going on into various substitutes and into the possibilities of coal oil, it was true, but they are researches, and nothing more yet. How did the Government intend to secure the necessary supplies?, he asked.

Baron Nakashima, Minister of Commerce and Industry, replied that besides a subsidy of over Yen 200,000 to the North Saghalien Oil Company, the Government was helping forward researches in regard to the "fluidification" of coal, alcohol, benzol, and oil shale. Through revision of Customs duties on articles connected with the oil industry also, efforts are being made to promote the development of the oil industry.

Admiral Osumi, Minister of the Navy, said that he cannot disclose the quantity of fuel which the navy stands in immediate need, but that he could assure the interpellator that the navy has a fair amount constantly in stock. The navy, he said, is directing special attention to the development of oil resources at home, and has an appropriation of Yen 350,000 for working oil fields near Takao, Formosa. Arrangements are also being made to operate oil fields in South Saghalien. The North Saghalien Oil Company, he continued, is supplying about 300,000 tons of fuel to the navy, and the navy is looking forward to the Company's future development. As regards oil shale, the navy has been purchasing about 50,000 tons a year from the South Manchuria Railway Company for the past three years. The admiral admitted this was rather costly, but there was, he said, promise of increased production in future.

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Special Proceedings No. 795
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Shanghai, China
January 31, 1933.

G. H. Wright,
Administrator.
c/o Hansons 7 Peking Road, Shanghai.

New Books of Interest in the Far East

From Duma to Soviet

An American Engineer Looks at Russia, by George A. Burrell; The Stratford Company, Boston, Mass.

From Stalingrad to Kusbas, by Anna Louise Strong; International Pamphlets, New York City.

The Bolsheviks in the Tsarist Duma, by A. Badayev, Bolshevik deputy in the last Duma; International Publishers, New York City.

American engineers probably know more about their specialized fields and less about anything else than any other group of people in the world. This generalization was very forcibly impressed upon this reviewer once in Berlin while stopping in a hotel with a number of American engineers vacationing from or leaving the Soviet Union. All save one was anti-Bolshevik, but all save another gave glowing accounts of progress in the U.S.S.R. The one who thought that much discussed country was going to the dogs had been fired from his job; the pro-Bolshevik knew no more than the rest about Communist principles or Soviet history, but he was quite madly in love with a pretty and evidently 100% Red interpreter who had been assigned to him,—which may be set down as a very subversive Soviet plot. The general grasp of the group, however, of the Communist experiment was admirably illustrated one day when a veteran of two years of service in the U.S.S.R. expounded the thesis that the Kremlin was dominated by Jews, and to prove his point he avowed that "Lenin was a Jew, Stalin is a Jew....," but he got no farther because a somewhat radical M. D. present was so convulsed that he choked on his beer and had to be given first aid.

Mr. Burrell is not, it should be pointed out, quite as ignorant as this group, but his book his full of errors and shows a complete lack of understanding of Communist society, which is to him an utterly alien world. He reminds this reviewer very much of spokesmen of the old feudal South in the United States discussing the capitalistic North and seeking to prove that chattel slavery was superior to wage slavery.

Mr. Burrell, however, is not anti-Soviet, but he thinks capitalism is superior. He nevertheless recounts Soviet successes, including improved working conditions, shortage of instead of excess of labor, and reducation of the working day from 11 and 12 hours before the revolution to seven now, that do not—at least at the present—prove the superiority of capitalism over communism.

On the other hand, Mr. Burrell insists there is "forced labor" in the Soviet Union because workers are frequently ordered to other jobs whether they prefer them or not, and anyone "can be a most unhappy individual if he denies the authority of the Trade Unions." Well, that may be "forced labor," just as having to accept a job one does not like in order to eat in any country is "forced labor," but there are some 12,000,000 of Mr. Burrell's fellow-countrymen who would today very much enjoy that kind of "forced labor."

Dr. Strong's pamphlet, written from a viewpoint diametrically opposite to that of Mr. Burrell, is made up chiefly of articles she wrote for the *Moscow News* in the last part of 1931. They are interesting and illustrated accounts of various Soviet developments, including Dnieprostroi, the Stalingrad tractor works, and the Kuznetsk steel mill.

Mr. Badayev's book is one of the best accounts of pre-revolutionary days in modern Russia that has ever appeared. The title might imply that it was merely a recital of useless debates in the Duma, but it is really a highly dramatic portrayal of the life and struggles of the workers in old Russia, police raids on revolutionaries, and the colorful tale of the *agent-provocateur* Roman Malinovsky who won the confidence of the Bolsheviks to such an extent that they elected him as one of their six deputies in the Duma. After the revolution, when the Bolsheviks came into possession of the old police files, a full record of his activities was uncovered and although he was then out of the country, having been taken prisoner of war by the Germans, he returned and was tried and executed.

The story of the "Bolshevik Six" battling against the "Black Hundred" of Czardom in the Duma and rallying the Russian masses to the Red banner of revolution is, indeed, a stirring one, and Mr. Badayev's volume well deserves its assured place among the classical epics of Communist history.

W. B.

A Faithful and Unbiased Record of Japan's Aggressions in China

"One Year of the China-Japan Undeclared War." By Edward Bing-shuey Lee, Formerly editor of the Peiping Leader, now Editor of the Chinese Republic. Published by the Mercury Press, Shanghai. Price $10.

Edward Bing-shuey Lee's new book "One Year of the China-Japan Undeclared War" has at least four outstanding merits to recommend itself to the public. First, despite the great number of books that have appeared during the past year on the Sino-Japanese Crisis, this book is the first and a most authoritative account of the crisis by a Chinese writer, giving a comprehensive, accurate and unbiased presentation of China's case before the world. Secondly, the book is invaluable as a book of reference and record because of its inclusion of practically all the important and pertinent documents relating to the Manchurian Affair and the Shanghai Hostilities. Thirdly, it is written by a man who has not only closely followed the events of the situation, but in a way personally formed part of them. His adventures with the Japanese at Peiping which resulted in the closing down of his paper, *the Peiping Leader*, were quite an episode at the time, though insingificant in the whole course of events. The author's facilities in the collection of first-hand information, his consequent intimate knowledge of the affairs and his facile pen with which to present them, combine to make the book valuable, informative and readable. Fourthly, to enliven the pages of a running and lucid account of events, the author has inserted quite a number of pictures of the people who figured prominently in them and others showing the destruction of Chinese cities by the Japanese in their armed aggressions in Manchuria and China Proper. As an additional feature of the book and to lend weight to the volume, six prominent Chinese political leaders have contributed forewords, testifying to the author's ability to present facts accurately and faithfully and commending his exposure of the Japanese invasion before the world.

The book, as a whole, contains little expression of views and few comments, but is mainly a record of facts, as the author believes that it is only by presentation of true and unassailable facts that the whole case can be impartially judged. In order to achieve this end and not to expose the book to the odium of propaganda, the author has drawn most of his material from direct sources and quotes from first-hand documentary data, even quoting liberally from Japanese official sources to show who is actually the aggressor in the case. His findings on the nature and circumstances of the Japanese invasion of Manchuria have been largely substantiated by the publication of the Lytton Report which also supports his view that the so-called "Manchukuo Government" is not established by the "spontaneous will" of the inhabitants of Manchuria, but is propped up by the bayonets of the Japanese.

The author, in the course of the book, has exposed many of the fallacious notions that have existed in the minds of certain people, particularly the Japanese and the deep-seated intrigues of the Japanese in China. For instance, the Japanese persistently contend that Manchuria has virtually been independent and in certain periods of history had not formed part of the Chinese territory. To refute such a contention, the author quotes from both Chinese and foreign authorities, showing by historical proof that Manchuria has always been an integral part of China ever since 2255 B. C., although on occasions during this long history, its relation with China was somewhat loose. Discussing the outrageous and unprovoked attack on Mukden on Sept. 18 and subsequent occupation of many other Manchurian cities in days immediately following that date, the author has given conclusive and indisputable evidence that the affair had long been premeditated and that territorial aggrandizement by Japan by military conquest is the real and fundamental cause which underlies the Japanese armed moves on the Continent. Viewing the matter from the standpoint of Japanese internal politics, the author considers that the Manchurian Affair represents an attempt of the Japanese Military to save itself from the loss of its dominant position in Japan. The military in recent years has been much discredited and there have been movements in Japan to curtail the appropriations for military expenses. In view of this situation, the Japanese military has to demonstrate its worth before the nation and to show that the Army is vital to the existence of the nation. For this reason, they have agitated for a strong positive policy towards China and done everything possible to arouse a war which would silence all its enemies and critics in Japan. Hence the Manchurian Outbreak and the ensuing Far Eastern

Crisis. On the part of China in facing the situation, the author condemns in no uncertain, though restrained, terms, the policy of non-resistance. His description of that policy as "When China was slapped on one check, she turned the other" is both fitting and humorous.

On the whole, the book is a valuable and interesting volume and deserves the attention of all who are interested in the s irring and agitated events that had taken place during the past year and that are threatening to lead to a second World War. The book is well bound and printed. The only defect. as far as the reviewer can discover, is a number of misprints, some of which. appearing in the first part of the book, may be listed as follows: "wiith" in "The recent train of developments in that region beginning wiith—" in Dr. Wellington Koo's foreword; "circumstances was—" in "The circumstances under which Manchuria was occupied was a most extraordinary one" and "pretention" in "The author makes no pretention—" in the author's preface; "disasterous" in "which proved disasterous to the Chinese merchants—" on page 20; "affected" in "—that the occupation of the Chinese City of Mukden was affected practically without fighting,—" on page 39, etc. It is hoped that these mistakes will be corrected when the author reprints his book in future.

C. H. HOH.

The Far Eastern Problem

Publication of Carnegie Endowment for International Peace, including Covenant of the League and other documents bearing on the League's consideration of the Manchurian Question: 80 pages. Publication office, 405 West 117th St., N. Y.

This booklet contains useful documents bearing on the Far Eastern Crisis, including Articles 10, 11 and 15 of Covenant, Text of Nine-Power Treaty, Text of Pact of Paris, Letter of Secretary Stimson to Senator Borah, Statement of Stimson, Aug. 18, 1932, Statement of Hoover, Aug. 11, 1932, Statement of Count Uchida, Aug. 25, 1932, Statement of Dr. Lo Wen-kan Aug. 29, 1932, Manchukuo declaration of Independence, Feb. 18 1932, Protocol of Recognition by Japan, Sept. 15, 1931, Documents Relating to Establishment of New State, League Council's Resolution appointing Lytton Commission, Summary of Report of Commission of Enquiry. Preface by Dr. Nicholas Murray Butler.

Quo Tai-Chi Speaks Concerning Japan's Imperialistic Ambitions

An important statement made by Quo Tai-chi, China's chief delegate at Geneva, at the meeting of the extraordinary assembly of the League of Nations Dec. 8 last, has been published in brochure form. In the course of this statement Mr. Quo said, "It is our dream in China to combine the best in Western civilization with the best in our ancient traditions and culture, in order that we may build up a great pacific civilization embracing one quarter of the human race and radiating its influence throughout Asia and the world. We cannot carry this idea into practice while we live under the ceaseless menace of the modern militarism of Japan. Has the Assembly heard of the Back-to-Asia program? That program means a policy of isolation for Japan, the exclusion of all Western influence from Asia, and a policy of Japanese conquest and domination throughout the East. My colleague, Dr. Koo, quoted in the Council, the other day, one striking exposition of this program. General Araki, Minister of War, and the present ruler of Japan, wrote a few weeks ago in the *Army Club Magazine*, an article in which he stated as follows:

> Countries of Eastern Asia are an object of oppression by white people. This is an undeniable fact and Japan should no longer let the impertinence go unpunished .... It is the duty of the people of Japan to oppose every action by the Powers that is not in accordance with the spirit of the Empire ....

"These are the words of the present ruler of Japan, who claims to speak for Asia. But we, as the oldest and largest race in Asia, contest his right to speak for Asia; for that is not the spirit and the culture of Asia. Dr. Sun Yat-sen, the revered founder of our movement, always preached international co-operation. We are modern people, we of Nationalist China, and we realise that the nations of the world are interdependent and that international co-operation is both a moral and a material necessity for us all. We hope that the people of Japan will reject the militarism now forced upon them and will join us in our international co-operation with the West."

In the United States Court for China

In re.
Estate
of
IRA NELSON BLACKWELL
Deceased

Cause No. 3508

Special Proceedings No. 810

NOTICE

Pursuant to an Order of said Court notice is hereby give to all persons having claims against the estate of IRA NELSON BLACKWELL, deceased, to present the same with vouchers to the undersigned on or before August 4th 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
January 31, 1933.

Robert Allen Crews
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Right from the start, mothers should make a habit of carefully observing the functioning of the little one's intestines. By far the greater proportion of infantile troubles arise from constipation—either severe or slight. Restlessness and ill-temper are certain signs that stomach and bowels need cleansing. Even when there is a daily movement there is often only partial elimination of waste matter and an occasional corrective is necessary to remove the accumulation. In this regard care should be taken to avoid harsh crude purgatives such as salts, senna, cascara compounds, castor oil, which are too severe and often impose a great strain on the delicate internal membranes.

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For Children's Stomach & Intestinal Troubles.

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The public is hereby notified that in accordance with Government instructions interport duty will be levied on native goods exported to Dairen in all cases where the Interport Tariff is heavier than the Export Tariff.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 9th February, 1933.

CUSTOMS NOTIFICATION No. 1275

The public is hereby notified that in accordance with government instructions native matrices made of all kinds of materials will be accorded dutyfree treatment on exportation abroad or coastwise. Foreign made matrices of all kinds, however, except worked paper matrices, remain dutiable on importation as "Printing and Lithographic Materials, n.o.p.f."

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L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
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An Indispensable Accessory to All Interested in Far-Eastern Crisis

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American Naval Maneuvers to Test Defenses of Western Seaboard

The forthcoming exercises of the combined American Atlantic and Pacific Fleets will be on a larger scale than ever before conducted. The fleet will consist of about 164 battleships, cruisers, destroyers and aircraft carriers, and will test the defenses along the western seaboard of the United States. The fleets will be divided into "blues" and "blacks." The former under Admiral McNamee, will play a defensive role, while the "blacks," under Vice-Admiral Clark will attack the Californian coast from their bases at Hawaii. Admiral Richard H. Leigh, Commander-In-Chief of the U. S. Fleet, will act as chief umpire. During the operations, both forces will simulate actual war conditions.

When contact of one ship or division of ships is made with the "enemy," officers and men will go through all phases of manoeuvring and firing just as in a real operation. No actual firing will take place, however, in the interests of economy.

In these same waters a fleet concentration will take place for the holding of tactical exercises, gunnery and torpedo practices from February 18 to March 31 under direction of Admiral Leigh.

Bernard Shaw Preaches Communism

Breaking his resolution not to lecture on his trip around the world, Bernard Shaw startled the students and faculty of the Hongkong University Feb 13 with a typical Shavian address. He urged the students to steep themselves in revolutionary books and go in up to the neck in communism. "If you are not a red revolutionist at the age of 20, you will be a most impossible fossil at the age of 50," Mr. Shaw warned. "If you are a red revolutionist at the age of 20, you stand some chance of being up to date at the age of 41)."

The Rotary Club was branded by Bernard Shaw in a press interview at Hongkong Feb. 14 as a gang organized by ignorant and unscrupulous merchants who use the club as a means to promoting their positions. Therefore, Mr. Shaw said, he refused to give speeches before Rotary Clubs.

The Hongkong Rotary Club, in a letter sent to the *Hongkong Telegraph*, contended that Bernard Shaw is disseminating communistic propaganda to the students and demanded that his action be denounced.

Delay Granted in Marking of Imports to China

The petition submitted by Sir Frederick Maze, inspector-general of customs, asking for one month's postponement of the enforcement of regulations for the inspection of imported goods from foreign countries requiring that goods must bear marks indicating the producing nation has been accepted by the Ministry of Finance, according to the instructions received by local customs authorities Feb. 15.

The new regulations, which were drafted by the Ministry of Finance, and proclaimed with the sanction of the Central government, on February 1, were to be enforced commencing from July according to the original decision.

The inspector-general of customs urged that a period of six months will be necessary to make all the preparations before the enforcement of such regulations.

Screen Plays Must Have Chinese Translations

The Municipal Government of Greater Shanghai has received a special order from the Nanking Cinema Show Inspection Commission giving instructions that henceforth all cinema shows, no matter of what production, must have Chinese sub-titles beside the English explanatory titles in the picture.

The Municipal Government has notified all cinemas in Shanghai instructing them to add Chinese sub-titles to every picture they show, beginning from March 1.

Japan Spent Yen $4,467,000 Communicating with Geneva

Since the resumption of the Assembly of the League last October and until February 9, this year, the total amount of money spent by the Japanese Government in the wireless communications between Tokyo and Geneva reached Yen 4,467,000, it was revealed by Government authorities in Tokyo, Feb. 12.

T. V. Soong Takes Serious View of Jehol Situation

T. V. Soong, China's Minister of Finance and Acting President of the Executive Yuan, in the course of an interview in Peiping, Feb. 15, declared that his visit was in connection with the Jehol situation. He declared that the Central Government took most seriously the Japanese threat to invade that province.

"Jehol, is an integral part of China," the Minister stated, "just as much as Kwangtung or Kiangsu and an attack on Jehol will be like an attack on Nanking itself. If an attack is delivered, then it will be met by the force of the entire nation."

"Japan seized the north-east part of China," he added, "but any further advance will be resisted."

Asked whether China would be likely to declare war in the event of an invasion of Jehol, Mr. Soong asked "Why should the injured party be forced into declaring war? Japan is the aggressor. She has not declared war on China, but to all intents and purposes she is carrying on war against China."

Questioned regarding the position in North China, Mr. Soong said that Marshal Chang Hsueh-liang was the representative of the Central Government and what he does is at the orders of the Central Government. In the event of hostilities he would be the local commander-in-chief.

Offering his personal opinion as to what was the status of the "war" that was going on between China and Japan, the Finance Minister said that if Japan actually invaded Jehol he personally thought there would be little use in maintaining a Chinese Minister at Tokyo, because it seemed that diplomacy was no longer of any use in dealing with Japan. The fact that the Jehol situation is taken very seriously is borne out by the fact, Mr. Soong said, that Dr. J. Heng Liu, the head of the Health Bureau, travelled to Peiping with him and would superintend arrangements for establishing base and field hospitals and would undertake whatever medical measures were necessary.

National Salvation Loan to Be Floated

For the settlement of financial difficulties in North China, T. V. Soong is contemplating the issuance of a $20,000,000 loan. According to Mr. Soong's plans, half the amount will be raised in North China and half in Shanghai, Hankow and other southern ports. The loan is to be called the National Salvation Loan and it will bear interest at four per cent per annum.

Nanking Editor Makes Serious Allegations Against Correspondent

Kung Teh-po, the editor of the Nanking *Chu Kuo Jih Pao*, in a signed article Feb. 10 accused the *Shen Pao's* Nanking correspondent of having sold the Chinese Government's secret instructions to the Chinese delegation at the Paris Peace Conference to the Japanese Government and with having sold information concerning the Japanese broadcast and the Nanking Central Broadcasting Station. It is further alleged in the article that Ching Mo-shen plotted to murder Wang Wei-san, the Nanking correspondent of the *China Times*, who was killed by unknown men on January 31, because the deceased "knew too much about Ching Mo-shen's traitorous activities."

Ching Mo-shen was once Chinese reporter to Dr. Morrison, London *Times'* correspondent.

Kung Teh-po was once Commissioner of Foreign Affairs of Hunan Province. He was attached to the Chinese Delegation at the Washington Conference.

Ching Mo-shen announced immediately that he had engaged a lawyer to prepare a lawsuit against Kung Teh-po.

Bronson Rea Says Manchukuo Population is Mostly "Manchu"

George Bronson Rea, American adviser to the Manchuko Government, circulated in Geneva among the members of the Committee of 19 Feb. a long statement designed to show that the population of Manchukuo is not 97 per cent Chinese, but at least 75 per cent Manchu. The statement concluded by stating that the people gladly took advantage of the Japanese action of September 18, 1931, to throw off "oppression" and to resume their century-old independence.

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Chinese Doing Best to Protect British, Says Sir John Simon

When Sir John Simon, British Foreign Secretary, under the pressure of questions in the House of Commons on Feb. 13 gave expression to his belief that the Chinese Government exercised less authority wherever communists were operating than elsewhere, Earl Winterton retorted: "Isn't that a very considerable part of China?" The Foreign Secretary's reply was: "I should not like to say that," and he proceeded to advise the Earl to consult an atlas to see how large China was. In reply to another question, Sir John said that the policy of the British Government, apart from the maintenance of peace, generally aimed at the maintenance of the Boxer Protocol. He also said that the Chinese authorities were doing their best to preserve law and order and to protect British lives and property.

U. S. Fleet to Remain in Pacific

The United States Atlantic Fleet will probably remain in the Pacific until July 1, 1934, in the "interests of economy," according to an announcement made by Admiral William V. Pratt, chief of naval operations, at Washington Feb. 11. It was stated that the Navy budget had been cut to such an extent that it would be inadvisable to make additional expenditure necessary by the return of the fleet to the Atlantic, which, it is estimated, would cost $400,000.

Millionaire Banker Abducted In U.S.

A recent dispatch from Denver, Colorado, stated that although his wife and his grandfather have expressed their readiness to pay a ransom of $60.000, nothing has yet been heard of Charles Boettcher, the multimillionaire banker and friend of Colonel Lindbergh who was kidnapped from his own door-step by two gunmen Feb. 12.

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The National City Bank of New York, Rates of Exchange

Shanghai, Feb. 15, 1933.

Demand selling rate on America:	U.S. $100=Sh. $4.9647
Demand buying rate on America:	U.S. $100=Sh. $4.8723
Demand selling rate on London:	£1.0.0=Sh. $17.097
Demand buying rate on London:	£1.0.0=Sh. $16.789

Latest New York Stock Exchange Quotations

Market—Easy

Business Done 1,540,000 Shares

Feb. 15, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Eeb. 11	Tues. Feb. 14
9½	1⅝	—	Adams Express	4⅝	4
89⅝	42½	*6.00	Allied Chemical & Dye	84¼	80¼
15⅜	4	—	Allis Chalmers	Unq.	6⅜
73⅞	29⅝	4.00	American Can	58½	56½
15	2	—	American & Foreign Power	6⅝	5⅞
38½	5	—	American & Foreign Power 7% Pfd.	12¾	11¼
9¾	1½	—	American Metal Co.	Unq.	3⅝
10	1½	—	American & Foreign Power Warr.	Unq.	4½
27¼	5½	—	American Smelting	13⅜	12½
137⅜	70¼	9.00	American Telephone & Telegraph	103½	100¾
86¾	40½	5.00	American Tobacco "B"	54⅞	53⅜
34½	11	1.00	American Waterworks	Unq.	14½
19⅜	3	—	Anaconda Copper	7⅜	6⅞
151⅝	28¾	*4.00	Auburn Automobiles	42¼	39¾
21⅜	3⅝	—	Baltimore & Ohio	11⅞	10⅝
29⅝	7¼	—	Bethlehem Steel	14¼	13½
43½	20	1.60	Borden Company	21⅞	21⅜
14¼	3⅜	—	Borg Warner	8½	7⅜
20⅝	7¼	—	Canadian Pacific Railway	10⅝	10½
65¾	16¾	—	Case, J. I.	42¾	40
47⅞	19	2.00	Chase National Bank	32½	30⅞
20¾	4⅞	2.00	Chesapeake Corp.	20	17¾
21¾	5	1.00	Chrysler	12⅞	11¾
21	4¼	1.00	Columbia Gas & Electric	14⅜	13¼
5⅛	1⅝	—	Commonwealth & Southern	2⅛	2⅛
1	1/16	—	" Warr.	Unq.	⅜
68¾	31½	4.00	Consolidated Gas of N. Y.	52¾	51¼
9⅜	3⅝	—	Continental Oil	6½	5½
55⅜	24¾	3.00	Corn Products	54¾	53
7⅞	1½	—	Coty Inc.	Unq.	4½
3¼	⅞	—	Curtiss Wright Company	1⅝	1⅝
18⅝	5	.75	Douglas Aircraft	11⅜	10¼
57	23	3.00	Drug Incorporated	36⅜	35
59¾	22	2.00	Du Pont de Nemours	37⅜	35⅞
87⅞	35¼	3.00	Eastman Kodak	57½	Mutl.
48	5	6%S	Electric Bond & Share	16	14⅝
16	2¾	—	Electric Power & Light	6⅝	5½
5⅞	1	—	Fox Film "A"	Unq.	1½
26½	8½	.40	General Electric	14	13½
40½	19⅝	2.00	General Foods	24¼	23½
24⅝	7⅝	1.00	General Motors	13⅞	12⅝
28⅝	6½	1.00	General Railway Signal	20	18⅜
24¼	10⅝	1.00	Gillette Safety Razor	16½	15⅜
20⅝	8¼	1.20	Gold Dust	14½	13⅝
29¾	5½	—	Goodyear Tire & Rubber	13	11½
18¾	3⅝	—	International Cement	Unq.	8
1⅞	½	—	International Com. Engine	⅛	⅛
34⅛	10⅝	1.20	International Harvester	19½	17⅝
12½	3½	—	International Nickel	8½	7⅝
15⅝	2⅝	—	International Telephone & Telegraph	6⅝	5¼
33⅝	10	—	Johns Manville	20¼	18½
19¼	4⅜	—	Kennecott	9	8⅜
67½	34¼	*4.00	Liggett & Myers, "B"	54¼	53⅜
87¼	13¼	3.00	Loew's: Inc.	16⅜	Mutl.
18⅜	9	1.20	Lorillard P. Co. (Com.)	11⅜	11⅛
11⅜	1½	—	Lu lum Steel	Unq.	5
16½	3½	—	Montgomery Ward	18⅛	11⅜
64½	23¾	2.00	National City Bank (bid price)	42	39¾
36⅝	8¾	—	New York Central	19½	17⅜
43¼	13¾	10%	North American Company	25¼	23⅜
37	16⅞	2.00	Pacific Gas & Electric	29¼	28¼
5¼	1½	—	Packard Motors	2¼	2⅛
11½	¾	—	Paramount—Publix	⅞	⅜
23⅜	6½	—	Pennsylvania Railroad	18⅞	17½
4⅜	1	—	Pennroad Corporation	1⅝	1½
8⅝	2	—	Phillips Petroleum	5⅞	5½
60	28	3.20	Public Service of N. Jersey	48⅞	46⅜
13⅛	2½	—	Radio Corporation	4¾	4¼
7¾	1¼	—	Radio-Keith Orpheum	1⅜	1⅜
40¼	26½	3.00	Reynolds Tobacco "B"	29¼	28¼
37⅜	9⅞	—	Sears Roebuck	17⅝	16¾
8¾	2½	—	Shell Union	5¼	4⅞
13⅜	2¾	—	Simmons Company	6⅜	6¼
12¼	5¼	.40	Socony-Vacuum Corp	7¼	6⅞
32¾	15¾	2.00	Southern California Edison	24⅜	24⅜
34¼	7⅝	1.20	Standard Gas & Electric	10	10⅜
87⅜	19⅞	1.00	Standard Oil Co., of N. Jersey	26⅞	26⅞
18¼	9¼	1.00	Texas Corporation	13¼	12½
26¾	12	2.00	Texas Gulf Sulphur	23⅝	22¾
7⅛	2⅛	—	Trans America	5¼	5
86⅝	15½	1.20	Union Carbide & Carbon	23¾	22⅝
94½	27⅝	6.00	Union Pacific	76	73¼
34⅜	6½	—	United Aircraft & Trans.	23¾	21⅝
14	3½	.40	United Corporation	8	7⅜
22	9¼	1.20	United Gas Improvement	18¾	18¼
10½	1¼	—	U. S. Rubber	Unq.	4
52⅝	21¼	—	U. S. Steel	28⅜	26½
23¾	5¼	—	Vanadium	Unq.	11¾
4½	½	—	Warner Bros. Pictures	1⅜	1¼
43½	15⅝	—	Westinghouse E. & M.	27¾	25⅝
45⅝	22	2.40	Woolworth	32½	30⅞
			Call Money	1%	1%

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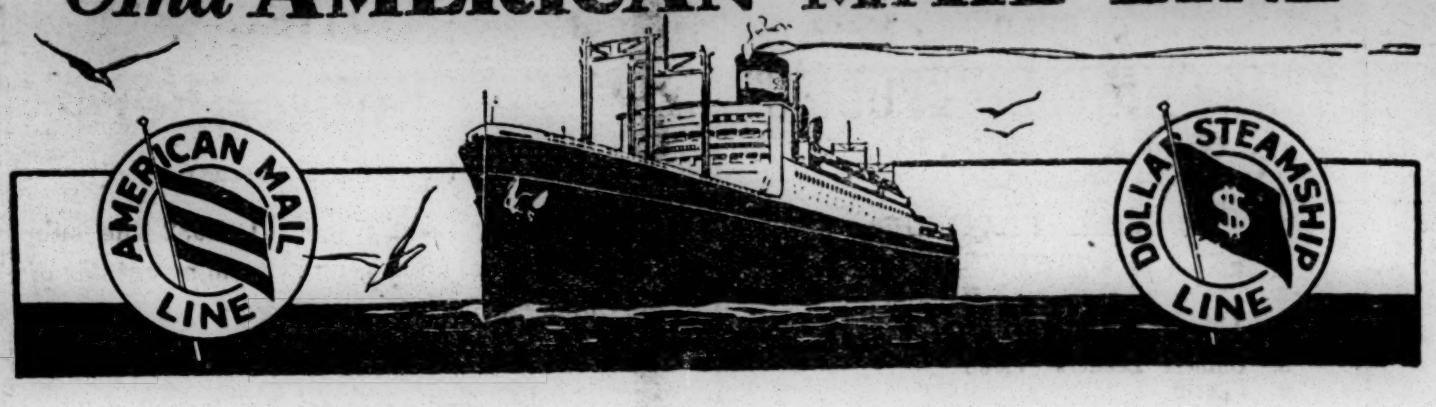

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